Vol. 6, No. 3
June/July 1997
$9.00

Intellectual Ammunition

Potshots

They lived in a commune and they shared everything, so they could have been Democrats. Yet they owned a mansion and had no interest in sex, so they could have been Republicans.

—Jay Leno on the Heaven's Gate cult

The world's best after-dinner speech: "Waiter, give me both checks!"

No matter how good your explanation for an awkward situation may be, it is always better not to get into a situation that has to be explained.

—Thomas Sowell

If God told me I had two years to live, I would want them to be as a congressman, because these have been the longest two years of my life.

—Congressman J.C. Watts
(R-Oklahoma)

In our quest to eliminate irresponsible decisions, we have eliminated responsibility.

—Phillip K. Howard

Baseball—A game in which the young man who bravely strikes out for himself receives no praise for it.

There can be no real freedom without the freedom to fail.

—Eric Hoffer

Environmental Claims, Shame and Who-To-Blames

by Dr. Harvey Alter

As the father of two, grandfather of three, and an all-around good guy (I hope), I've changed plenty of diapers—cloth and disposable. I also worked in the environmental field for almost 40 years—long enough to earn monikers such as "the garbage guru." With this, I learned that if you've given up some conveniences and even health benefits such as those provided by disposable diapers because you want to protect the environment, you won't like what I've written here. That is because much of the conventional wisdom about what is good or bad for the environment is neither conventional nor wise.

Instinct and common-sense reasoning do not determine a product or package's environmental performance. Design and materials choices are complicated. For example, studies on the environmental impact of cloth versus disposable diapers show that the water and air pollution and energy consumption involved in washing cloth diapers and then trucking them here and there are considerable. Disposables account for about 1 percent of our municipal solid waste, says the Environmental Protection Agency. Disposables vs. reusables is an environmental toss-up. No less than *Consumer Reports* reached that conclusion. The same can be said about coffee cups. Paper, plastic, ceramic? Like diapers, it is a wash-out.

The guilt trip visited on us for not picking one material or product over another is one example of the environmental claims, shames, and who's-to-blame game of recent years. Pity, too, because it diverts our attention and energies from real problems. In the late 1980s and early 1990s, environmental claims were ubiquitous on a wide range of products. Fortunately, there are now much tougher standards. Curiously, it was industry who pushed the government to impose them. (I was there.) In spite of all this, the myths of the past still form the misimpressions of today.

Paper or Plastics?

This familiar supermarket question is loaded with environmental baggage. Paper, many surmise, is made from trees, a renewable resource, and therefore should be a better choice for the environment. Is it?

There have been a number of studies of paper vs. plastic grocery bags, looking at the environmental effects. Again, it's a toss-up.

continued on page 3

In This Issue

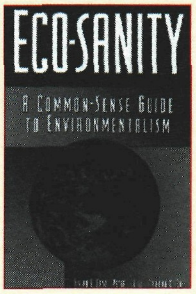
Crime 4
Education 5
Environment 6
Health Care 7
Law 8
Privatization 10
Regulation 11
Taxes 12
Uncovered 13
Welfare 14
Point of View 15
Excerpt 18
Contacts 20

a bimonthly publication of The Heartland Institute

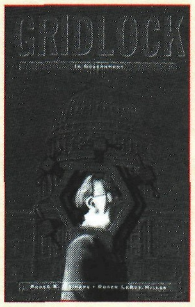
Publications available from The Heartland Institute

Just call 847/202-3060

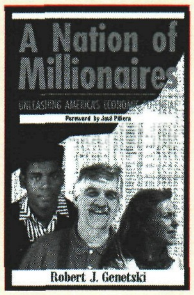
books



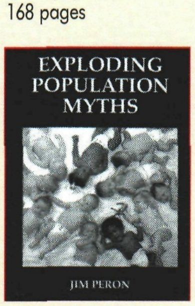
Eco-Sanity
$12.95 paperback
316 pages



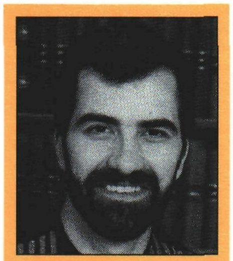
Gridlock in Government
$4.95 paperback
148 pages



A Nation of Millionaires
$8.95 paperback
168 pages



Exploding Population Myths
$4.95 paperback
80 pages



News from the Heartland

by Joseph L. Bast
Publisher

Recycling for Recycling's Sake

Dr. Harvey Alter's cover article for this issue of *Intellectual Ammunition* corrects some common myths about garbage and recycling. Despite his fine efforts, however, I fear that we are losing the public debate.

I recently watched a children's video titled "The Magic School Bus" with two of my nephews. The plot involves a magic ray gun that transforms the world into the way it would be if no one recycled, and then back again. Some of the images are positive and genuinely informative, such as those showing plastics and aluminum cans being recycled into playground equipment. But many more are inaccurate and misleading.

For example, in the world without recycling, all the trees in the town's park have been cut down to make paper. But paper in the U.S. comes almost entirely from tree plantations planted for this purpose, and from the "slash" left over from logging for dimensional lumber. (No logging is allowed in the national parks.) Paper recycling, by lessening the demand for wood fiber, is more likely to *reduce* than increase the size and health of our parks and forests.

In the video's world without recycling, a school is buried under an enormous, uncovered, ugly mountain of garbage. This image ignores the reality that solid waste today goes to large sanitary landfills equipped with state-of-the-art systems to control emissions into the air or water. The image also illustrates the myth that we are "running out of room" to put our waste: In fact, even without recycling, all of the municipal waste generated in the U.S. during the next 500 years would fit in a single landfill 20 miles to a side.

Perhaps it is asking too much that a children's video reveal these more sophisticated ideas. But what excuses do spokespersons for government and environmental organizations have when they, too, fail to mention the limits of recycling or push for unrealistic and costly goals or mandates? By oversimplifying the costs and benefits of recycling, these leaders are encouraging action that results in unnecessary energy consumption, fewer choices for consumers, higher local taxes, and one more infringement on our civil liberties.

What a pity that something as innocent and popular as recycling should be hijacked by those who have an agenda.

Thanks For Using PolicyFax!

PolicyFax, The Heartland Institute's fax-on-demand information service, registered over 1,000 document requests in April, passing that threshold for the second month in a row. If you were one of the scores of people who tried it for the first time, *thank you* . . . and we hope you'll use it again. If you still haven't given it a try, check out the *PolicyFax Update* inside this issue of *Intellectual Ammunition*. Remember, *PolicyFax* is free for elected officials and journalists, and costs just $5 per document for other users.

A Picture of My Own

Starting with this issue, the photo on this page will be of me and of recent vintage, rather than a childhood picture of a member of Heartland's staff. Readers deserve to know whose words they are reading. We *could* bring the baby pictures back, though, perhaps in a different place in the magazine, if enough readers requested it. Letters accompanied by checks will be given special attention. ia

Intellectual Ammunition (ISSN 1077-8861) is published bimonthly by The Heartland Institute, a nonprofit, nonpartisan research and education organization. Nothing in *Intellectual Ammunition* should be construed as necessarily reflecting the views of The Heartland Institute or as an attempt to aid or hinder the passage of any legislation. Reprint permission is granted, provided sufficient credit is given to The Heartland Institute. Annual subscription with Heartland membership $49.00; single issue $9.00. POSTMASTER: Send address changes to The Heartland Institute, 800 East Northwest Highway, Suite 1080, Palatine, IL 60067-6516; telephone 847/202-3060, fax 847/202-9799.

Publisher: Joseph L. Bast ❖ **Editor:** Diane Carol Bast ❖ **Art Director:** Matthew J. Nutting

Contributing Editors: *Crime* Morgan Reynolds, National Center for Policy Analysis; *Education* George Clowes, The Heartland Institute; *Environment* Jonathan H. Adler, Competitive Enterprise Institute; *Health Care* Michael D. Tanner, Cato Institute; *Law* John E. Kramer, Institute for Justice; *Privatization* William Eggers, Reason Foundation; *Regulation* Murray Weidenbaum, Center for the Study of American Business; *Taxes* Stephen Gold, Tax Foundation; *Uncovered* Robert V. Pambianco, Capital Research Center; *Welfare* Robert Rector, The Heritage Foundation.

continued from page 1

However, plastic grocery bags are lighter and thinner than paper bags and require less material to make. These attributes matter greatly in shipping, where it can take five trucks to deliver the same number of paper bags contained in just one truckload of plastic bags. When evaluating environmental performance, you've got to consider a whole range of factors, even how many trucks are required to deliver the packaging.

My wife and I make the choice based on re-use. We choose plastic when we need kitchen garbage can liners; we choose paper when we need that convenient stand-alone waste basket. It is not necessary to avoid one or the other for supposed environmental reasons. They are both good products.

Happy or Unhappy Meals?

Which do you have for fast food? It wasn't long ago that plastic food containers were the big, bad guys. Disposable utensils and plastic cups were avoided by the eco-conscious, except perhaps when the kids begged for a burger. But again, the conventional wisdom is wrong.

Several studies in Canada, the U.S., and Europe found that plastic cups take less energy to make than paper cups and result in fewer emissions. It is not that there is anything wrong with paper, or with paper cups. Energy consumption and emissions are related to the amount of material produced—and plastic cups weigh one-sixth as much as many similar paper products.

We also have to remember, or be reminded, that disposable tableware has made a wide range of convenient and hygienic food services available. Without them, the neighborhood carry-out could not provide those ready-to-go meals that help so many working parents put dinner on the table. The plastic tableware cuts down on energy and water consumption for washing and, did you know, has about 200 times fewer bacteria than ordinary tableware?

Been to a Landfill Lately?

No, it is not a "dump." It is a regulated sanitary landfill. But it is still the depository for the detritus of society. Landfills have improved, but myths persist. Visualize the disposal process as this garbage guru takes you on a trip.

Once the stuff is buried, most doesn't degrade. What we bury on a Monday doesn't degrade to make more room on Wednesday, or for decades of Wednesdays. *And that's the way we want it.* Think back to science class (even if you didn't like the teacher). Everything has to go someplace. When organic wastes like food do degrade, they don't just disappear. Something else is formed, in some cases a foul acidic liquid (called leachate) and gases that are pollutants. Both are controlled in the modern landfill, which is also designed and operated to minimize their production. The landfill is a tomb for the garbage . . . which explains why archaeologists specializing in digging up landfills have found 50-year-old newspaper still readable and meat and vegetables still intact (but not appetizing).

The largest component in a landfill is dirt. Every day, garbage in the landfill is covered with dirt. When the landfill is finished, it is covered with more dirt, all of which helps keep it sanitary.

Still worried about landfill space? The "shortages" you've heard about have nothing to do with the physical *room* we have for landfills . . . and everything to do with some "not in my backyard" opposition to where they are sited.

> *We must spend at least as much time separating the fact from the fiction as we do separating our paper from the garbage.*

Apple Pie and Recycling

And mother, too, wants to recycle. Recycling our household trash is about the only chance we have to make a personal, hands-on contribution to a better environment. People have so taken to recycling that the country now diverts 25 percent of municipal solid waste from disposal. That includes garden wastes, such as grass clippings and autumn leaves.

In true American can-do spirit, some have decided that if 25 percent is good, more is better, even as much 60 percent. The goals are raised as one politician tries to be more green than another. But there are three major things wrong with such lofty goals.

One is that you cannot recycle what is not in the waste. Even straining physically and financially, much more than about 30 percent is unlikely if not impossible. Two is that there are environmental effects from the trucks and processing of the collected materials. Three is that recycling costs money.

Most of what we discard is simply not recyclable: food, sweepings, kitty litter, low-grade papers that would cost more environmentally to recycle than to landfill. Solid waste is like an ore: some stuff is valuable and the rest is rock. If not rock, much could be converted to compost. But for what market and for what cost?

High targets may generate good news for politicians, but they can be terrible news for taxpayers. Recycling does not usually pay for itself; money to fund it comes from municipal budgets at the expense of other essential services. So it is in all our interests to closely examine recycling targets against our other priorities.

We're already recycling more than 45 percent of plastic soft drink bottles. The cost of increasing recycling rates just one or two percentage points may be double what we are paying now. Would it be worth the investment?

These numbers, by the way, are national averages. Success differs by a wide margin across the country, as does the amount of waste generated at different times of the year. Generally, the amount a family throws out varies plus or minus 25 percent over 12 months, with the most waste generated around Memorial Day and Christmas.

Fact or Fiction?

Plastic or paper? Disposable or re-usable? Twenty-five percent or 30 percent? We will continue to be asked these and other difficult questions concerning the environment. Whether we are making product choices or recycling, everything we consume and do—I dare say, everything in the world—raises an environmental question. The problem is that there are many more clear questions than there are clear answers.

The key for consumers is to determine the environmental issues that require action, and to base those decisions on what is good, not just what *sounds* good. To be good citizens of the world, we must spend at least as much time separating the fact from the fiction as we do separating our paper from the garbage.

Dr. Harvey Alter is manager of resources policy for the U.S. Chamber of Commerce.

Intellectual Ammunition June/July 1997 © The Heartland Institute

Morgan O. Reynolds

Morgan Reynolds is director of the Criminal Justice Center at the National Center for Policy Analysis.

Juvenile Crime Legislation in Washington

For a decade, young thugs have treated the juvenile (family) court system as a joke. The response of many states has been to toughen their treatment of young toughs. Early results? Declining youth crime and arrests.

Now Capitol Hill wants in on the act. On May 8 the House approved H.R. 3, the "Juvenile Crime Control Act of 1997," sponsored by Bill McCollum (R-Florida). The White House has declared youth crime its "top law-enforcement priority" this year but denounced H.R. 3 as "weak on guns" and touted its own H.R. 810, "Anti-Gang and Youth Violence Act of 1997," which was introduced by Charles Schumer (D-New York) but defeated in a House vote.

In the Senate, Republicans have S. 10, the "Violent and Repeat Juvenile Offender Act of 1997," sponsored by Orrin Hatch (R-Utah). Senate Democrats have S. 15, the "Youth Violence, Crime, and Drug Abuse Control Act of 1997," sponsored by minority leader Tom Daschle (D-North Dakota).

Despite partisan rancor, there is consensus that the problem of youth crime is real and threatens to grow over the next decade. This makes it very likely that the President will sign federal juvenile crime legislation this year, *unusual since Congress traditionally passes* crime legislation in even-numbered (that is, election) years.

The four bills differ markedly, but all would toughen the treatment of youths in the federal system and financially reward states that meet federal standards toward the same end.

H.R. 3 toughens federal treatment of juveniles, sets up a federal armed violent youth apprehension program, and allocates $500 million dollars in federal block grants (pork?) each fiscal year from 1998 to 2000, conditional on each state's "accountability-based reforms," including escalating sanctions. Approved uses of the money include specialized youth courts for drug and firearms offenses.

On guns, the Democrats would mandate locking devices on new sales of firearms, regulate inventory methods among gun retailers, and authorize federal forfeiture of firearms suspected of being used in felonies or "gun trafficking." The White House bill also would spend money on promising prevention programs, for an overall total of under $400 million a year.

Like the House counterpart, the Republicans' Senate bill does not add new federal crimes *per se*, but does make it easier for U.S. attorneys to prosecute youths. It also allows religious organizations to participate in government-funded anti-crime programs, allocates $650 million annually, and repeals six previously passed federal laws.

The Democrats' S. 15 proclaims that the nation requires "immediate and comprehensive action by the Federal government to reduce and prevent youth violence" and allocates the most money—$1.24 billion annually—toward that end. Title IV makes grants to Boys and Girls Clubs, 4-H, and similar groups to "protect youth from violent crime" and funds "Say No to Drugs" Community Centers.

What to make of all this? In 1995 U.S. attorneys prosecuted only 240 youths, including 122 in federal court—less than one-half of 1 percent of the 56,243 cases (adult and juvenile) adjudicated in 1995. Many youths tried by federal prosecutors and a majority of those confined by the federal Bureau of Prisons were Native Americans. Juvenile crime is primarily a state and local responsibility, and new legislation from the 105th Congress will not alter that fact.

Good ideas incorporated in some of the federal proposals include:

- enhanced penalties for youthful criminals and use of minors in federal crimes
- new respect for victims' rights
- access to juvenile records
- few new federal crimes (we already have over 3,000)
- repeal of ineffective or redundant legislation
- inclusion of religious organizations

Bad ideas include:

- locking devices on firearms and other new federal gun controls
- new specialized youth courts
- mandatory national and state plans to reduce juvenile crime
- federal task forces to prosecute armed violent youths (better: federal grants to encourage state and local task forces)
- more federal spending on "root causes" of crime

Why pour another $500 million a year or more into what is essentially a state and local situation? Sound politics, not sound policy, is the reason.

We look in vain in the Constitution to find the federal government's authority on juvenile crime. All the new bills bow to the principle of federalism, but not too deeply. Conflicts among the bills are few, and they all could be rolled together. Whatever brand of sausage emerges from the Congressional grinder this year, it surely will boost annual spending by hundreds of millions of dollars, enhance incumbent reelection chances, and impact youth crime very little.

Available on *PolicyFax*

More Juvenile Justice, Fewer Excuses
"Young people are morally responsible for their acts, and therefore they should be held legally accountable as well." (*Mackinac Center for Public Policy, October 1996, 2 pp.*)

Call 847/202-4888
Request document #4840102

Education

George Clowes

George Clowes is managing editor of *School Reform News*, a monthly newspaper published by The Heartland Institute.

Support Grows for Minnesota Tax Credit Plan

A new poll conducted for the Minnesota *Star Tribune* shows that support for Governor Arne Carlson's proposed education tax credits increased from 65 percent in February to 72 percent just two months later. Even when Minnesotans were asked what the Governor's office referred to as a "very loaded" follow-up question, almost half of the respondents still supported the plan.

The Governor's plan, introduced last December, would triple the current tax deduction for private school tuition and other education-related expenses, from $650 to $1,950 per child in grades K-6, and from $1,000 to $3,000 for students in grades 7-12. Families with annual incomes less than $39,000 would qualify for a refundable tax credit of $1,000 per child (up to $2,000 per family) for fees paid for tutoring, summer school, alternative learning, or private school tuition. Home-schooling families would receive a $1,000 tax credit, regardless of income.

> *Parents who send their children to private and parochial schools deserve some type of tax credit.*

A statewide poll commissioned in February by the Choice in Education League (CELM) Foundation found that 65 percent of Minnesota voters supported the proposed tax credit and deduction plan. Visible public support was evident on April 8 when over 1,500 people from all parts of the state rallied for the plan, despite record-setting low temperatures and a flooded river that almost trapped a group of parents and students from Gibbon, Minnesota.

The future of the tax credit plan remains unclear. House and Senate committees have rejected the Governor's plan. The Governor has responded by threatening to veto any K-12 school funding bill that does not include the tax breaks.

Tax Credit Bill Passes Illinois House

Under a bill approved by the Illinois House of Representatives and now pending in the Senate, parents could claim an income tax credit of up to $500 for K-12 education expenses incurred for tuition, book fees, and lab fees at public, private, or parochial schools. Any credit in excess of a tax liability less than $500 would be refunded to the taxpayer, thus including low-income parents in the plan.

The bill's House sponsor, Democrat Kevin McCarthy, is upbeat about the bill's prospects in the Senate, where its sponsor is Senate Education Committee Chairman Dan Cronin. Cronin argues that parents who send their children to private and parochial schools deserve some type of tax credit.

"They're still paying their property taxes, they're still supporting their public schools . . . and, yes, they made that choice to send their kids to a non-public school," he told the *Chicago Tribune*, "But that doesn't mean they ought to be penalized for it."

Although the bill will "cost" the state an estimated $60 million in tax revenues, Chicago Catholic Archdiocese schools superintendent Elaine Schuster pointed out that an even larger investment would be required from the state if more children from non-public schools were pushed into the public school system. For example, the church will shutter St. Martin de Porres Academy on Chicago's South Side this year, displacing more than 300 students. Parents have been asked to help raise the $3 million required to keep the school open.

McCarthy sees the issue as one of fairness. "Every time I see one of the private schools close, I worry about what that will do to property taxes for public schools," he said.

Credits Versus Vouchers

Tax credits are superior to vouchers because the former come after the fact, when it is too late for the government to interfere with any teaching that was done, argues Steve Barrowes of the Utah Coalition for Freedom in Education. Also, as with any tax credit, taxpayers can choose not to take advantage of it if it comes with restrictions to which they object.

To avoid forcing up prices, says Barrowes, the maximum tax credit should be no more than 65 percent of public school expenditures per pupil. It should be limited to actual expenses incurred for tuition and books, plus some portion of education-related transportation and computer expenses. The credit also should be refundable and phased in gradually to allow an orderly growth of private schools in response to demand.

"The poor who have done the job of educating should get the credit," said Barrowes, "no less than the rich who can already afford school choice."

Available on *PolicyFax*

A Liberal Argument for School Choice

Bruce Goldberg, author of *Why Schools Fail*, contends that public education fails because "despite its lip service to diversity, [it] is fundamentally at war with individuality." (*The American Enterprise*, 1996, 4 pp.)

Call 847/202-4888

Request document #2184414

Environment

Jonathan H. Adler

Jonathan H. Adler is director of environmental studies at the Competitive Enterprise Institute.

Where's the Warming?

Extreme weather events have attracted a lot of media attention of late. *This has led some observers*—including President Bill Clinton—to conclude that the specter of global warming has finally arrived. *Environmental activists claim that* industrial activity, in particular the burning of fossil fuels, is warming the earth and producing wacky weather. Such claims are *premature.*

In January 1996, the British Meteorological Office reported that 1995 was the hottest year on record. The story was covered on the front page of *The New York Times* and in many other papers—but the story wasn't true. The designation of 1995 as the "warmest year on record" was based on incomplete data. As measurements for only the first 11 months of the year were available, the British scientists took a guess at December temperatures, and they guessed wrong. At the end of 1995, temperatures took a nose dive throughout the Northern Hemisphere. In fact, it was the greatest December drop on record. Global weather satellites, which have taken the Earth's temperature since 1979, found that 1995 was actually an average year—only the eighth warmest since the satellites began taking climate measurements.

Whether 1995 was the warmest year on record or not, environmental activists repeatedly claim that global warming is upon us. As evidence, they note that global average temperatures have increased by approximately one-half-a-degree Celsius since 1881. But this may or may not be a sign of global warming. Most of this increase occurred prior to World War II, at which point humans had yet to put into the air significant amounts of the gases that could produce a climate change. So it is certainly possible that the recorded temperature change is simply part of the natural fluctuations that have taken the Earth in and out of ice ages for millennia.

Moreover, satellite and weather balloon measurements have failed to identify any warming trend over the past 17 years. Most of the specific global warming predictions cited in the news have been generated by masterfully complex computer programs, known as general circulation models or GCMs. These computer models are paragons of human ingenuity. Nonetheless, they do a poor job of simulating the Earth's climate. GCMs do a poor job of predicting *present* temperatures, causing many to be skeptical of the computer's predictions of the future.

Whether the earth is getting warmer or not, it is certainly possible that the continued burning of fossil fuels could eventually produce global warming. This fact, in and of itself, is no cause for alarm. The essential question is not whether the Earth's climate may change—nature is in constant *flux—but what an increase in global tem*peratures would mean for life on the planet. The Earth's climate has changed dramatically over the course of human history. *One should not assume that any climatic* change is inherently bad.

It is often presumed, for example, that global warming will increase the number *and severity of tropical storms.* Sure enough, there were eleven Atlantic hurricanes in 1995—but there were even more in 1933. Recent hurricane headlines are produced by journalistic fear-mongering, not global warming. Scientific reviews of storm data cannot find any correlation between warmer temperatures and increased hurricane activity.

Precipitation will almost certainly increase if the world warms up, but storms are still a question mark. Recent climate modeling suggests that the number of hurricanes, and more importantly their ferocity as measured by average windspeed, will decline. And global warming would mean slightly warmer winters, which would mean that winter storms may be deprived of the frigid polar air masses upon which they depend.

> *Lowering living standards with an uncertain solution to an uncertain problem is not merely imprudent, it is wrong.*

While the scientific jury is still out on whether global warming is a legitimate threat, the Clinton Administration continues to pursue a binding international agreement to limit greenhouse gas emissions. In May, environment officials from the "Group of Seven" nations—the U.S., France, Germany, Japan, Italy, United Kingdom, and Canada—adopted a resolution calling for "legally binding emissions targets." Treaty language will be negotiated through the United Nations this summer, and is to be proposed at a conference in Kyoto, Japan, at the end of the year.

While global warming is highly uncertain, the impacts of global warming policies are not. Dramatic restrictions on the use of fossil fuel energy will curtail economic growth in this country and devastate the developing economies of the third world. Worse, the computer models suggest that proposed reductions won't even prevent future changes in climate.

Available on *PolicyFax*

AFL-CIO Opposes Climate Treaty

Union officials contend that the Clinton administration has ignored the impact a proposed climate change treaty would have on the economy and employment. (*National Mining Association, 1997, 4 pp.*)

Call 847/202-4888
Request document #2329158

National Health Care by Installment

Michael Tanner

Michael D. Tanner is director of health and welfare studies at the Cato Institute.

The road to hell, it is said, is paved with good intentions. It also seems to be paved with incremental steps.

It was only three years ago that the American people rose up and rejected a government takeover of the American health care system. Yet today, both Congress and state legislatures seem determined to enact government-run health care—as long as it is done step-by-step.

> *Congressional Republicans seem unwilling to let a few facts stand in the way of their desire to show their "compassion."*

Step One: Kennedy-Kassebaum

The first cracks appeared at the end of the last Congress. Desperate for a pre-election display of federal compassion, Congress enacted the Kennedy-Kassebaum bill, which forced insurance companies to provide coverage to individuals regardless of their health. That mandate will result in substantially higher insurance premiums for most Americans and could cause many small businesses to drop their employee health coverage.

Even worse in the bill were little-noticed anti-fraud provisions, which established draconian new penalties for doctors who make paperwork errors, and the creation of a privacy-threatening national health care database—provisions lifted almost word-for-word from the Clinton health plan.

Step Two: Congressional Mandated Benefits

President Clinton also wanted a national standardized benefits package, forcing all Americans into a cookie-cutter health insurance policy that will disregard individual preference and raise costs. But state governments already require more than 800 mandated benefits, and nearly every legislature is considering more. Now, Congress is eager to get into the act. Last year, Congress mandated 48-hour hospital stays for women who give birth, and a host of additional insurance mandates are pending.

Step Three: Kid Care

The worst is yet to come. Using a phony crisis in uninsured children, Congress is poised to enact Kidcare, a vast new entitlement program for the middle class. This, despite the fact that insurance for children is extremely inexpensive and approximately 15 percent of uninsured children are in families with incomes of over $40,000 per year. An additional 30 percent are already eligible for Medicaid, but their parents fail for one reason or another to claim the benefits. Of the remainder, most are uninsured for only a brief period.

But congressional Republicans seem unwilling to let a few facts stand in the way of their desire to show their "compassion." Senator Orrin Hatch (R-Utah) has become the latest to join Senator Kennedy to advocate an expansion of government involvement in health care. Who would have predicted that the most influential senator on health care in a Republican congress would be Ted Kennedy?

Whither Free-Market Advocates?

Meanwhile, advocates of free-market health care reform are all but invisible. For example, the House currently has one bill to expand the use of medical savings accounts. It is sponsored by three Democrats.

On Medicare, Senator Phil Gramm (R-Texas) wages a lonely battle for fundamental reform of a system rushing toward bankruptcy. The rest of Congress seems inclined to punt, to accept tougher price controls and accounting gimmicks in order to buy a few more years for the beleaguered system—at least long enough to get through the next election.

> *The road to hell still goes there even if you take small steps.*

"Incremental" health care reform has become a mantra. But the road to hell still goes there even if you take small steps. The battle over national health care is more than a series of isolated votes on incremental reforms. It is one of the fundamental philosophical debates of our time. It is a question of whether we as Americans believe that the era of big government is really over, whether we really believe in free markets and individual liberty, or whether we believe that the answer to our problems lies in still more government programs, taxes, and mandates.

Available on *PolicyFax*

Is There an "Uninsured Children" Crisis?
The number of uninsured children has remained almost unchanged for the last seven years. (*National Center for Policy Analysis, 1996, 2 pp.*)

Call 847/202-4888
Request document #3236416

Marianas Miracle: Free Markets Can Flourish in America

Clint Bolick

Clint Bolick is a co-founder of the Washington, D.C.-based Institute for Justice, which litigates nationwide in support of economic liberty.

"This is America," remarks a character in Jonathan Kellerman's best-selling novel, *The Web*, about the Northern Mariana Islands, "even though no one in America knows [expletive] *about this place."*

Americans should discover this island chain in the western Pacific—not just because it's a tropical paradise, but because it boasts perhaps the most vibrant economy in the United States. The secret: largely unregulated markets that in two decades have created out of almost nothing head-spinning economic growth, productivity, and prosperity.

The Northern Marianas—Saipan, Tinian, Rota, and 11 other mostly uninhabited islands that together comprise only 176.5 square miles—were captured by the Americans in World War II and used as a launching base against Japan. In 1976, the islands' electorate approved permanent U.S. commonwealth status by a 78 percent vote.

The *quid pro quo* was exemption from three federal laws: taxation, immigration, and minimum wage. During the 1980s, the commonwealth (CNMI) took advantage of its freedom to slash income taxes by 90 percent; cut the capital gains tax; and import low-wage guest workers, mostly from China, the Philippines, and Korea.

The results would have been predictable by the likes of Milton Friedman, but a complete epiphany to Washington bureaucrats. The number of businesses grew from 55 in 1970 to more than 5,000 today. Despite an indigenous population of only 29,000—smaller than most U.S. cities—the islands export more than $792 million in goods, up from $122 million only a decade ago.

The per-capita gross island product has quadrupled since 1980, from $2,500 to $10,000, while unemployment declined from 15 to 4 percent. In the past 10 years, gross business revenues have increased 605 percent, and the islands must supplement their local labor force with another 26,000 guest workers to fill all the jobs.

The principal industry is high-quality apparel, manufactured mostly by immigrant workers who make the CNMI minimum wage of $3.05 per hour—less than the $4.68 federal minimum wage, but as much as six times more than wages in their native countries.

With dramatically increased revenues—$194 million in 1995, compared to $5 million in 1978—the government has improved the islands' physical infrastructure, nearly retired a hefty public debt, and weaned itself from all federal financial support except capital improvement funds.

The islands have experienced growing pains. Abuses of immigrant workers have prompted labor reform measures. Meanwhile, government employment among islanders is too high, leading Governor Frolian Tenorio, a pro-free market Democrat, to launch a privatization drive. Responding to the poor quality of public education, Gov. Tenorio has called for a sweeping school voucher program that would position CNMI at the cutting-edge of American education reform. Despite these challenges, progress has been swift and future prospects are bright.

> *The Northern Mariana Islands boast unregulated markets that in two decades have created out of almost nothing head-spinning economic growth, productivity, and prosperity.*

The Marianas' greatest blessing seems to be its enormous distance—10,000 miles—from Washington. But maybe not far enough: the Clinton administration and members of Congress are pushing to take away the very freedoms that have fueled the Marianas miracle. Proposed legislation would federalize the minimum wage; take away local control over immigration; and double the capital gains tax.

Tenorio proposes a deal: "Leave us with control over immigration, taxation, and minimum wage"—and in return the islands will forego their $27 million capital improvement funds, severing entirely their dependency on Washington. Conversely, if Congress eliminates the Marianas' exemptions from federal laws, it likely will have to restore subsidies.

"Despite its willingness to lecture others, Washington hasn't exactly done a brilliant job of running its own affairs," quips the Cato Institute's Doug Bandow. "It can ill-afford to scorn, much less shut down, CNMI's experimental laboratory of liberty."

Now that the era of big government is over, maybe in the millenium the "truly" new Democrats will nominate a real dream team of Tenorio and Rosello. More realistically, maybe we on the mainland can learn something about freedom from our far-flung island commonwealths, and begin providing greater flexibility to states and local governments to compete by using market incentives.

But at the very least, we ought to leave the Marianas with the freedoms they shrewdly negotiated 20 years ago. Imagine: an island paradise where newcomers are welcomed and enterprise flourishes.

It sounds like it could be America. Maybe because it is.

Available on *PolicyFax*

Don't Raise the Bridge, Lower the Water
Between 3 and 10 percent of current welfare recipients are capable of running their own businesses; states can help by cutting red tape. (*Goldwater Institute, February 1997, 2 pp.*)

Call 847/202-4888
Request document #1920102

FREE — From *The Washington Times*
4 FREE Issues of our National Weekly Edition!

Now you can see why *The Washington Times* has become the talk of the nation! Because now you can get FOUR FREE ISSUES of *The Washington Times* NATIONAL WEEKLY EDITION! It takes the best of our award-winning daily news coverage and makes it available to you every week — no matter where you live!

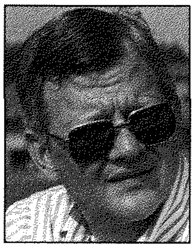
The Washington Times
Volume 4, No. 17
NATIONAL WEEKLY EDITION
$2.50 (U.S.)
McDougal sentenced for Whitewater crimes
Says he finally became 'sick of lying' for Clinton
Beijing leaders worry about 'Polish disease'
Gingrich rips Reno decision
Study says reading Bible cuts inmates' rate of rearrest
Family values produces a winner / 23
■ 'The way we were': Hollywood PAC folds / 4
■ Ex-White House chef wants to grill Hillary / 8
■ State Dept. changes its story on China / 19

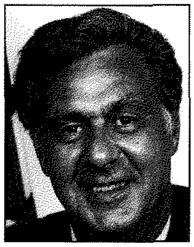
Try it FREE!

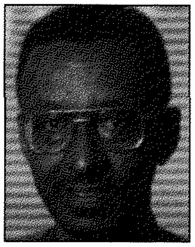
No Risk . . . No Cost . . . No Obligation!

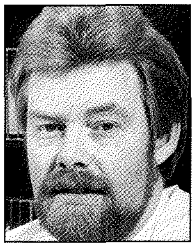
The Washington Times. It's the newspaper they're all talking about on Talk Radio, C-SPAN, and the Sunday morning talk shows. It's the one that's driving Clinton, Bonier, Boxer, Daschle, and Gephardt crazy! Why? Because it's the only daily newspaper in the nation with the courage to cover news honestly — without the liberal spin you always get in *The Washington Post* and *The New York Times*. And now our NATIONAL WEEKLY EDITION brings it all right to your door every week!

Claim your 4 FREE ISSUES of the National Weekly Edition today!

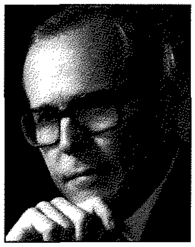

"The Washington Times is the definitive journal of the New American Revolution."
–Tom Clancy


"Even the mavens of the establishment media admit: The Washington Times gets the story first."
–Rep. Dick Armey


"If it weren't for the yeoman-like work of the Washington Times, Americans might still be believing the daily lies and distortions from the major electronic and print media."
–Dr. Walter Williams


"The Washington Times breaks the stories the liberal media refuse to touch."
–L. Brent Bozell

"The Washington Times is the first paper I reach for in the morning. . . essential reading for anyone who cares about what goes on in the world today."
–Arianna Huffington


"Living in San Francisco, I find the National Edition of the Washington Times an indispensable weekly summary of what's going on in the nation's capital."
–William A. Rusher

CALL 1-800-363-9118. (Mention Express Code: "UHJOTJ")

Call today or mail in the coupon below, and order 4 weeks of The Washington Times National Edition free of charge! If you like it, you'll receive 48 more issues, for a total of 52, and pay only $59.95. If you decide not to subscribe, simply write "cancel" on your invoice and owe nothing at all. The 4 sample copies will be yours to keep!

William Eggers & Adrian Moore

Eggers directs the Privatization Center, and Moore is the Associate Director of Economic Studies, at the Reason Foundation.

Privatization: A Growing Trend in Child Welfare

Last December, President Clinton issued a bold challenge to the states: By the year 2002, double the number of children moved from foster care to adoptive homes each year. "The public child-welfare system was created to provide a temporary haven for children," he said, "not let them languish forever in foster care."

Many states are trying to meet the Clinton challenge by turning their child-welfare programs over to the private sector. A recent survey by the Child Welfare League of America (CWLA) reports that of the 40 states responding to the survey, 35 were moving towards managed care or other privatization strategies in their child-welfare programs. Of those 35 states, over 75 percent are currently implementing management or service delivery changes, or plan to implement changes in the next three years. The CWLA also reports that 36 percent of the reform initiatives call for the delivery of better and more appropriate services through privatization, and 21 percent hope to achieve reduced costs and high-end or out-of-home care using private providers.

Kansas has recently become the first state in the nation to fully privatize its adoption, foster-care, and family preservation services. Kansas's Department of Social and Rehabilitation Services, previously the state's largest provider of adoption and foster-care services, now purchases these services from a network of private providers. No longer does the state recruit foster-care or adoptive parents or send in social workers to assist families in crisis. These responsibilities—along with administration, placement, counseling, and follow-up services—have been turned over to private, nonprofit organizations.

Michigan has also emerged as a leader in foster care and adoption reform, with privatization as a key ingredient in the state's changes. About two-thirds of foster care and placements in Michigan are made by private agencies. The private agencies have lower child-to-caseworker ratios than the state (21:1 versus 30:1) yet cost less per day per child.

Other states are following the Michigan and Kansas leads, applying managed care principles and methods to their child-welfare systems. Wisconsin and New Jersey will experiment with pilot managed care programs within the next year. Sarasota County, Florida, has launched one of five such pilot programs in the state in 1996, turning over its problem-ridden foster care and adoption programs to a group of nonprofit agencies led by Sarasota YMCA.

West Virginia is also turning to managed care to improve quality and control costs in the state's entire child-welfare program. State officials are in the process of designing a plan to move services over to private providers, as well as change or eliminate regulatory barriers to managed care implementation.

Performance Requirements Are Key

One advantage of privatization is that it gives public officials the freedom to creatively design contractor payments to correspond with certain performance goals. For example, Michigan is using a three-tiered payment system of performance incentives to reward and penalize private agencies. If an agency fails to place a child in a qualified home within eight months after the child has been freed for adoption, it loses over $2,000 in payments from the state. On the other hand, if an agency finds a home for a difficult-to-place, special-needs child, it receives an additional $3,000.

> *Michigan is using a three-tiered payment system of performance incentives to reward and penalize private child welfare agencies.*

In Kansas, the adoption contract shifts nearly all the cost risks onto the private provider. The private agency receives $13,500 for each child, out of which it must pay for foster care and counseling services for as long as the child remains in foster care. If the agency fails to place the child in an adoptive home within a year, it will lose money. If the adoptive home placement fails, the agency must place the child again—but with no additional state money.

Kansas's performance standards are quite demanding, especially in comparison to the track record of the state's social services department. The state was placing only about one-fourth of children in homes within six months after they were freed for adoption—but it wants the private providers to place 70 percent within six months and 90 percent within a year.

National groups like the Children's Defense Fund have expressed support for the general concept of a privatized, managed care model for child-welfare services. "When you look at the goals of managed care and the goals that have been behind the child-welfare reforms we have supported, there are a lot of similarities," says Mary Lee Allen, the director of child welfare and mental health for CDF. "The movement is in the right direction."

Available on *PolicyFax*

Replacing Welfare in Wisconsin
The "Wisconsin Works" program, the state's alternative to AFDC, contracts on a competitive basis with public and private organizations for welfare services. (*Hudson Institute, July 1996, 8 pp.*)

Call 847/202-4888
Request document #9275402

Government Regulation Handicaps U.S. Global Business

Murray Weidenbaum

Murray Weidenbaum is chairman of the Center for the Study of American Business.

American industry constantly fights a two-front war in the global marketplace. The obvious opponent is the foreign competitor. Of course, economists—and business executives—believe in the benefits of widespread competition in the marketplace. However, the second front in the business wars is less benign—and it is our own government.

Consider the pervasive regulatory obstacles placed in the way of U.S. business, especially high-tech companies, by a host of federal, state, and local governments. These are often egged on by a bewildering array of self-styled public-interest groups.

The most difficult problem faced by some of our key high-tech industries—biotechnology, pharmaceuticals, and nuclear power—is dealing with the thicket of government reviews and approvals. No one agency can give an OK to go ahead. But the failure to receive the necessary authorization from any one of them can literally halt production. Not too surprisingly, many high-powered American firms are increasingly turning to foreign markets—not only for selling U.S. production, but for investment in overseas research, production, and distribution facilities. I must confess to very mixed emotions on this account.

> *Government officials in the United States lock up much of the nation's natural and labor resources for fear that somebody somewhere may make a profit.*

From almost every business viewpoint, the metamorphosis of our domestic companies into global enterprises makes good economic sense. Rapid advances in transportation and communication have broadened the markets for numerous products and services. Likewise, capital, information, labor, and other key production inputs are increasingly transnational.

Surveys of American manufacturing companies show that becoming an internationally oriented company usually pays off. Sales by firms with foreign activities grow at twice the rate of those with no foreign operations.

Under these circumstances, there is a powerful attraction from areas such as Southeast Asia, which has become the most dynamic part of the global economy. U.S. business planners cannot be oblivious to markets that register 8 to 10 percent growth rates year after year and whose governments are encouraging such rapid expansion of the private sector.

This contrast in public policy toward business is ironic. Current and former communist and totalitarian nations are moving toward the decentralization of power characteristic of the private marketplace. In many ways, they are taking positive steps to encourage and attract new industry, including reductions in tax burdens and regulatory barriers. Meanwhile, the United States has adopted high and often rising levels of business taxation, employer mandates, and other costly evidences of government imposition on and discouragement of private economic activity.

U.S. companies are responding to that situation in the most obvious way. American-headquartered companies of every shape, size, and variety are increasingly present in the different parts of the world that welcome capitalistic enterprises. Many of our companies make more of their new investments overseas than here at home. Some of the best known American companies already have deployed a majority of their assets overseas—Manpower Inc. (74 percent), Gillette (67 percent), Mobil (59 percent), Bankers Trust (59 percent), Exxon (58 percent), Digital Equipment (57 percent), IBM (57 percent), Avon Products (56 percent), Citicorp (54 percent), and McDonald's (51 percent).

But the growing internationalization of production is regretful—to the extent that it is caused by increasingly coercive government in the United States. Take the energy company that is forced to explore in faraway Kazakhstan, or the mining enterprise that has to move to Bolivia, or the medical devices firm that finds it expedient to set up its new lab in the Netherlands, or the manufacturing corporation that is encouraged to build a new factory in China. Those companies are not the problem. Our government policy is. Government officials in the United States lock up much of the nation's natural and labor resources for fear that somebody somewhere may make a profit.

A more benign public policy environment here at home surely will enhance America's economic position in the twenty-first century. This is not a plea for subsidy of American business—or of any other sector of the nation. On the contrary, the domestic economy will fare much better from fewer government efforts to do something for, but more often to, private industry.

Available on *PolicyFax*

State Regulatory Measures
Although federal regulations impose enormous costs on business, state governments implement "an equal number of suicidal regulatory policies." (*Cato Institute, 1996, 10 pp.*)

Call 847/202-4888
Request document #7277401

After Income Taxes... The Rest of the Story

Stephen Gold

Stephen Gold is associate director and director of communications of the Tax Foundation.

As the Tax Foundation reminds Americans each year with its annual Tax Freedom Day report, federal income taxes represent only a portion of your total tax bill for the year. The Tax Foundation projects that the average American will pay over $9,000 in taxes in 1997—only 28 percent, or $2,573, of which will go to the IRS. Even when you combine federal, state, and local income taxes, the $3,133 total represents just a little over a third of the overall tax burden.

Which means, of course, that two-thirds of the annual tax load comes from other sources. At the top of the list are social insurance taxes, supporting Social Security and Medicare, which are withheld from paychecks for the most part. These taxes will cost the average American about $2,714 in 1997, or 30 percent of the average tax bill.

Next are sales and excise taxes. Surveys show that most Americans dramatically underestimate their total impact, which will amount to $1,216 per capita in 1997 (most of which will go to state and local coffers). In all, these taxes represent roughly 14 percent of the average tax bill.

The most visible of taxes, those paid at the state and local levels on property, should total about $842 this year for the average American, roughly 9 percent of the total tax bill.

Juxtaposed with property taxes are corporate income taxes, the tax that few of us ever think about. Most folks like to think these business taxes are borne by wealthy business owners. But the fact is, no one really knows who pays them. Faced with a bill from the government, a business must find the money somewhere: So the cost may get passed on to shareholders (in the form of lower dividends), employees (in the form of lower wages), or even consumers (in the form of higher prices). More likely than not, business taxes are borne not by the rich, but by middle-income taxpayers. This year, the Tax Foundation projects that corporate income taxes will cost the average American $926, or about 10 percent of his or her total tax burden.

Rounding out the average person's tax bill are miscellaneous federal, state, and local levies, totaling $374 this year. The grand total for 1997 taxes comes to $9,205.

The Tax Foundation's analysis does not, however, include the indirect cost of complying with the various tax laws, or the administrative costs of overseeing the myriad tax systems—some elementary, some byzantine in nature.

1997 Per Capita Taxes
$9,205

individual income taxes	social insurance taxes	sales & excise taxes	property taxes	corporate income taxes	other business taxes	all other taxes
$3,133	$2,714	$1,216	$842	$926	$216	$159
federal	federal	federal	federal	federal	federal	federal
$2,573	$2,422	$285	$0	$780	$0	$68
state & local	state & local	state & local	state & local	state & local	state & local	state & local
$560	$292	$931	$842	$146	$216	$91

Source: *Tax Foundation*

Available on *PolicyFax*

Tax Freedom Day 1997 is May 9
In 1913, Tax Freedom Day (the day the average American paid off his tax obligations) was January 20. This year it falls on May 9—the latest ever. (*Tax Foundation, April 1997, 3 pp.*)

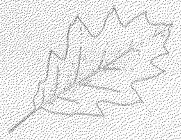
Call 847/202-4888
Request document #8081112

PolicyFax Update

Guide to Public Policy

June/July 1997

Write Your *PolicyFax* Account Number Here:



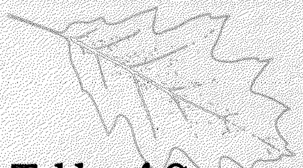


Table of Contents

3 **Agriculture**

3 **Budget**
- 3 Federal Level
- 3 Balanced Budget Amendment
- 4 State Level

4 **Civil Rights**

4 **Crime**
- 4 Crime Control Strategies
- 5 Gun Control

5 **Economic Development**
- 5 Sports Stadiums
- 6 Business Climate in the States

7 **Education**
- 7 Vouchers and Tax Credits
- 7 Education Spending in the States

8 **Environment**
- 8 Air Quality Standards

9 **Family/Culture**

9 **Government**
- 9 Reforming the Federal Government
- 10 Reforming State Governments

10 **Health Care**
- 11 Insurance
- 11 Reform in the States
- 12 Medical Savings Accounts
- 12 FDA Reform
- 12 Medicare and Medicaid

13 **Law**
- 13 Tort Reform

13 **Philanthropy**

14 **Politics**

14 **Privatization**
- 14 Case Studies
- 14 How-To

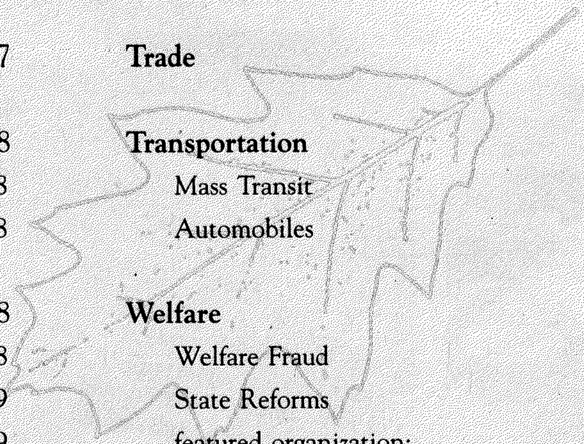
15 **Regulation**
- 15 Banking
- 15 Electronic Media
- 15 State-Level Regulation
- 16 Electric Industry Deregulation

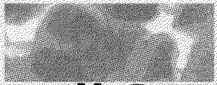
16 **Taxes**
- 16 State Level
- 16 Property Taxes
- 17 featured organization: Kansas Public Policy Institute
- 17 Excise Tax Proposals
- 17 Income Taxes

17 **Trade**

18 **Transportation**
- 18 Mass Transit
- 18 Automobiles

18 **Welfare**
- 18 Welfare Fraud
- 19 State Reforms
- 19 featured organization: Evergreen Freedom Foundation

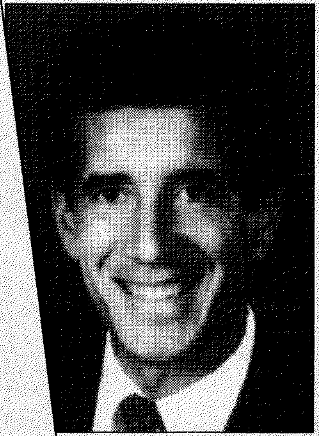




Welcome to PolicyFax

call 847.202.4888

Welcome to *PolicyFax* Update
by Senator Chris Lauzen (Illinois)



Sen. Chris Lauzen

Dear Colleagues:

It's my pleasure to welcome you to the June/July issue of *PolicyFax Update*. It offers summaries of 130 new commentaries, articles, and policy papers on issues as diverse as school reform, electric utility deregulation, and welfare.

Your touch-tone telephone and fax machine give you instant access to these documents through PolicyFax, The Heartland Institute's fax-on-demand research service.*

Just call *PolicyFax* at 847/202-4888 and follow the recorded instructions. (For step-by-step instructions, see page 2 of this *PolicyFax Update*.) *PolicyFax* is available 24 hours a day, seven days a week.

Best of all, *PolicyFax* documents are ***free*** to elected officials and journalists who use their *PolicyFax* account numbers. Check the back cover of this magazine for your eight-digit *PolicyFax* account number. If no number appears on the back cover, complete the form on page 21 of this insert and fax it to 847/202-9799.

PolicyFax has served me well . . . not only during our recently ended 1997 legislative session, but during the "off" months when I do public speaking and constituent services. Even when I'm out of session, the *PolicyFax Update* keeps me on top of the latest research available on every issue imaginable. *PolicyFax* makes it easy for me to get copies of documents I need.

PolicyFax is the full-time research assistant you've always dreamed of having! If you haven't yet taken advantage of this invaluable resource, I urge you to try it today.

Sincerely,

Chris Lauzen
Chairman, *PolicyFax* Advisory Committee

*The Heartland Institute is a nonprofit public policy research organization devoted to being your fastest, most convenient, most comprehensive, and most reliable source of public policy information. Heartland publishes *Intellectual Ammunition*, *School Reform News*, issue-specific *Policy Studies*, and, starting this month, *Environment News*. For more information, call 847/202-3060, or visit Heartland's Web site at http://www.heartland.org.

Using PolicyFax

call 847.202.4888

What Is PolicyFax?

PolicyFax is the place to turn when you need public policy information *now*. *PolicyFax* will help keep you on top of the policy debate in Washington, and in every state capital from Maine to California.

The latest research from the hottest think tanks and publications is available by fax, instantly, twenty-four hours a day and seven days a week. Just call **847/202-4888** and follow the recorded instructions.

How Do I Order PolicyFax Documents?

***You don't need a computer to use* PolicyFax.** To have a document sent instantly to your fax machine, follow these steps:

1. Dial **847/202-4888** from a touch-tone phone and listen for the greeting.
2. Press "1" if you are an elected official or journalist. Press "2" if you are not.
3. Follow the voice prompts to place an order using your *PolicyFax* account number or credit card.
4. Follow the voice prompts to enter the seven-digit number for the document you wish to order. Wait for the prompt, then enter the number for the next document you wish to order. You may order up to three documents in a single call.
5. When prompted, enter your fax number, or press "1" to confirm your fax number.
6. Hang up. Your documents will be faxed to you in a few minutes.

PolicyFax Is Free for Elected Officials and the Media

If you are an elected official, journalist, talk show host, or think tank representative, you can have *PolicyFax* documents sent for free, if you have a *PolicyFax* account.

Check the back cover of this magazine. If the mailing label includes an eight-digit *PolicyFax* number, you already have a *PolicyFax* account and do not need to apply for one.

If no *PolicyFax* number appears there, call The Heartland Institute at 847/202-3060 and a staff member will look up your number for you. Or you can have an account application faxed to you by calling *PolicyFax* (**847/202-4888**). Press "1" if you are an elected official or journalist, otherwise press "2". Follow the voice prompts to have an account application faxed to you. The recorded message will ask for your fax number. The form will be faxed to you in a few minutes.

There is no charge to open a *PolicyFax* account.

For Other Users, PolicyFax Documents Cost $5 Each

If you are not an elected official, journalist, or talk show host, you can still use *PolicyFax*, but there will be a $5 charge for each document you order.

Call *PolicyFax* (**847/202-4888**) and press "2" at the prompt. At the next prompt, you can choose to charge your document request to a credit card by pressing "1."

If you expect to use *PolicyFax* often, you may wish to open a *PolicyFax* account. Complete the form on page 21 of this update.

Fax your completed application to The Heartland Institute at 847/202-9799, or mail it to The Heartland Institute, 800 East Northwest Highway #1080, Palatine, IL 60067. When we receive your completed application form, we'll assign you a *PolicyFax* account number and send you a "welcome" package.

But I Don't Have a Fax Machine!

You can also get the documents summarized in this *PolicyFax Update* by mail. The cost of fulfilling such requests, however, prevents us from offering documents by mail to legislators and journalists for free.

Documents by mail are $5 each, regardless of length. Requests must be prepaid by check or credit card and will be fulfilled within one week.

Send your request by fax to 847/202-9799; by mail to The Heartland Institute, 800 East Northwest Highway #1080, Palatine, IL 60067; or by e-mail to think@heartland.org. Be sure to include payment information with your request.

The Heartland Institute

PolicyFax is a service of The Heartland Institute, a nonprofit, nonpartisan research organization that applies cutting-edge research to state and national public policy problems. Since 1984, Heartland researchers have addressed a wide range of issues, including the environment, education reform, taxes, and deregulation.

Through books, policy studies, and short opinion pieces, as well as through *PolicyFax* and the institute's bimonthly magazine, *Intellectual Ammunition*, Heartland strives to be an indispensable source of public policy information for the nation's elected officials, the media, and public policy researchers.

For more information about The Heartland Institute, please call us at 847/202-3060 or e-mail us at think@heartland.org. Alternatively, visit our World Wide Web site at **http://www.heartland.org**.

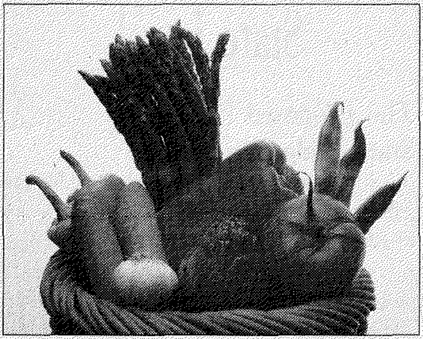
Agriculture

Farm Bills and Farmers: The Effects of Subsidies over Time

by Edward Lotterman

Sixty-three years of federal interference with farm prices tells us that price support programs are difficult to kill and often ineffective as a means of income redistribution. Moreover, they have failed to save the family farm.

The Region, December 1996
Federal Reserve Bank of Minneapolis
#0472401 (14 pages)



Budget

Federal Level

The Era of Big Government is Back: President Clinton's Fiscal Year 1998 Budget Proposal

Never do today what you can put off to the next millennium! Three-quarters of the President's proposed deficit reductions do not occur until after fiscal year 2000.

Heritage Talking Points, February 1997
The Heritage Foundation
#0808408 (8 pages)

How the Clinton Budget Passes the Buck on Medicare

by Robert E. Moffit and Carrie J. Gavora

There is a narrow political window of opportunity for serious Medicare reform, but the President has ignored this opportunity.

Heritage Talking Points, February 1997
The Heritage Foundation
#0808409 (8 pages)

Divided Loyalties: How Congressional Committee Hearings Undermined Fiscal Restraint in the 104th Congress

by Paul S. Hewitt and Saguee Saraf

Three-fifths of Congressional hearings held on budget issues heard from no witnesses who supported spending reductions. To gain control of spending, the congressional committee system must be reformed and party discipline restored.

Policy Paper, February 1997
National Taxpayers Union Foundation
#0808406 (study, 15 pages)
#0808407 (appendix, 17 pages)

Balanced Budget Amendment

A Case for the Balanced Budget Amendment

by Senator Carol Moseley-Braun

The Democratic Senator from Illinois explains why deficits should be tamed by the discipline of the Balanced Budget Amendment so that draconian program cuts are not forced on us or our children.

Tax Features, February 1997
The Tax Foundation
#0808116 (2 pages)

Why We Need A Balanced Budget Amendment: An Economic Perspective

by Amy K. Frantz

Today's Gross Domestic Product would be 3 to 6 percent higher if the federal budget had been balanced in recent years, while the federal debt would have fallen to 10 percent of GDP.

Institute Brief, March 1997
Public Interest Institute
#0808114 (2 pages)

Why We Need A Balanced Budget Amendment: A Citizen's Perspective

by Stephen Lazarus

Irresponsible spending unfairly burdens future generations with a federal debt that today amounts to 49.9 percent of Gross Domestic Product. A balanced budget amendment will help redress this inequity.

Institute Brief, March 1997
Public Interest Institute
#0808115 (2 pages)

Don't Let Social Security Scare Tactics Derail Passage of a Balanced Budget Amendment

by Amy K. Frantz

Elimination of "off budget" spending is a great strength of the Balanced Budget Amendment. Proponents of big government would like to exempt Social Security from it, but they shouldn't be allowed to do so.

Institute Brief, March 1997
Public Interest Institute
#0808113 (2 pages)

Budget

State Level

Changing Course II: An Alternative Budget for North Carolina

by John Hood and Don Carrington

Economic analysis indicates that tax cuts amounting to less than 5 percent of North Carolina state spending would create 150,000 new jobs and generate $7 billion in additional sales and income. The authors make 179 recommendations for budget savings in virtually every department of state government; each recommendation is listed in an appendix along with the specific action proposed, the fiscal impact over the next two fiscal years, and the reason for the recommendation. The authors specifically endorse 12 proposals to cut state taxes.

Policy Report, April 1997
John Locke Foundation
#0875417 (Part 1, 10 pages)
#0875418 (Part 2, 13 pages)

The Proposed FY 1998 State Budget in Review

Rhode Island's proposed budget includes tax reductions, but there is a question as to whether those cuts will occur. This study offers an overview of Governor Lincoln Almond's proposed budget plan for FY 1997 and 1998 and reviews in detail the Governor's proposed revenue plan; tax program; proposal for education aid; proposal for aid to cities and towns; and proposed capital plan. It summarizes proposed expenditures and new performance measures included in the budget to allow taxpayers to evaluate the level and quality of services delivered by state government.

RIPEC Analysis, April 1997
Rhode Island Public Expenditure Council
#0875413 (Part 1, 12 pages)
#0875414 (Part 2, 9 pages)
#0875415 (Part 3, 17 pages)
#0875416 (Part 4, 11 pages)

Pork Barrel in North Carolina

Three top North Carolina politicians last year squeezed $21.3 million out of the state budget and used it for special projects, threatening a return to the state's era of politically driven pork barrel spending.

Editorials, April 5 and 6, 1997
News & Record of Greensboro, North Carolina
#0875102 (2 pages)

Civil Rights

Affirmative Action: It Will Never Be Enough

by Elizabeth Wright

Most middle-class blacks support affirmative action programs, and that support is likely to endure over time. Today's black middle class is almost entirely a creation of government affirmative action programs.

Issues & Views, Fall 1996
Open Forum Foundation
#1272101
(2 pages)

Crime

Crime Control Strategies

"Three Strikes, You're Out": A Review

by R. David LaCourse Jr.

Washington State's three strikes policy was approved by 76 percent of the voters in 1993. Since then, violent crime is down, criminals seem to be changing their behavior, and the program's costs are less than opponents predicted.

February 1997
Washington Institute for Policy Studies
#1377403 (Part 1, 14 pages)
#1377404 (Part 2, 14 pages)

Preventing Crime, Saving Children: Monitoring, Mentoring, and Ministering

by The Council on Crime in America

The Council on Crime in America, a program of the Center for Civic Innovation at the Manhattan Institute, was established in November 1995 to examine violent crime, crime prevention, and law enforcement issues. In this follow-up to its report last year, *The State of Violent Crime*

Crime Control Strategies
continued on page 5

Crime Control Strategies
continued from page 4

in America, the Council aims to "outline, illustrate, and publicize crime prevention strategies that succeed in getting caring, responsible adults into the lives of at-risk children."
Report, February 1997
Manhattan Institute
#1300413 (Part 1, 13 pages)
#1300414 (Part 2, 15 pages)

Reclaiming Dangerous Neighborhoods

by Reuben Greenberg
By shifting its focus to crime prevention and using such old-fashioned practices as the appointment of truant officers, the city of Charleston has become a low-crime city where homeowners petition *for* annexation.
Breakfast and Luncheon Forum Series, December 1996
Center of the American Experiment
#2409201 (17 pages)

Gun Control

Public Health Pot Shots

by Don B. Kates, Henry E. Schaffer, and William C. Waters IV
The Centers for Disease Control have been funding intellectually dishonest research to lend a veneer of credibility to the notion that guns cause violence.
Reason, April 1997
Reason Foundation
#1328412 (6 pages)

From the Hip

by Daniel D. Polsby
The intellectual arguments for gun control are collapsing, but media elites—epitomized by *The New York Times*—continue their support for anti-gun owner policies that are thirty years out of date.
National Review, March 1997
National Review
#1328112 (5 pages)

Policing for Profit

In developed countries, police activities are increasingly being delegated to private industry. Private policing has a different emphasis than regular policing: deterring crime, rather than catching crooks.
The Economist, April 1997
#6512107 (4 pages)

Medical Marijuana across the Nation

by Robert L. Maginnis
Marijuana is a last resort therapy for some diseases. But advocates of broad drug legalization are using medicinal marijuana as a ruse to propel their much broader agenda.
Insight, 1997
Family Research Council
#3250401 (11 pages)

Economic Development

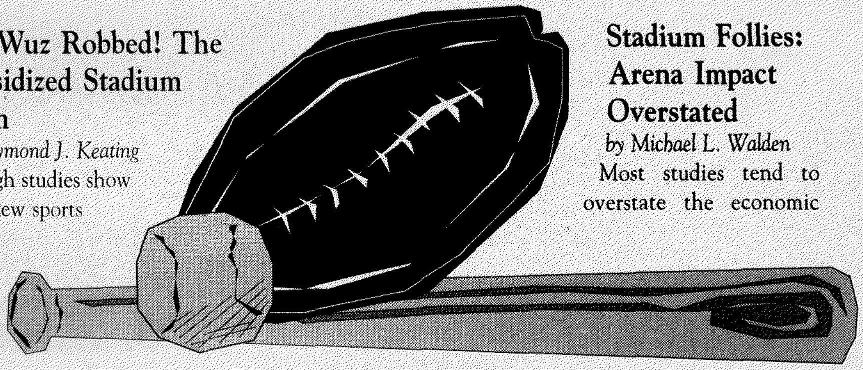
Sports Stadiums

Subsidy for a Billionaire

by Bob Williams
If Paul Allen wants a new stadium for the Seattle Seahawks, his $10.8 billion equity stake in Microsoft could easily provide the necessary capital.
Policy Highlighter, March 1997
Evergreen Freedom Foundation
#1976113 (2 pages)

We Wuz Robbed! The Subsidized Stadium Scam

by Raymond J. Keating
Though studies show that new sports stadiums generate no positive economic effects for local communities, government officials nationwide are throwing hundreds of millions at what should be a private endeavor. To combat this scam, Congress should end tax breaks for stadium construction.
Policy Review, March/April 1997
The Heritage Foundation
#1976114 (4 pages)



Stadium Follies: Arena Impact Overstated

by Michael L. Walden
Most studies tend to overstate the economic impact of sports teams. Teams and facilities should be financed by owners and fans—not by taxpayers.
Carolina Journal, February/March 1997
John Locke Foundation
#1976112 (2 pages)

Public Funding of Stadiums: Governments Must Simply Say No

by Steven B. Loux Esq.
The Sports and Exposition Task Force established by Pennsylvania Governor Tom Ridge has recommended selling the state liquor stores and using some of the proceeds from that sale to help finance the construction of sports stadiums and arenas. The Task Force report is reviewed in this Commonwealth

Sports Stadiums
continued on page 6

Sports Stadiums
continued from page 5

Foundation study, which also asks fundamental questions about whether funding of private sports teams is an appropriate role for government to take on. The study's author warns that, when cities give in to sports team owners' demands for publicly funded stadiums, they inevitably divert money from other projects . . . and encourage team owners to make even greater demands.

January 1997
The Commonwealth Foundation
for Public Policy Alternatives
#1976305 (executive summary, 2 pages)
#1976430 (Part 1, 14 pages)
#1976431 (Part 2, 14 pages)

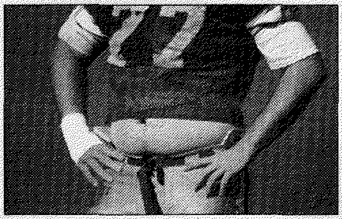
If We Built It, Will They Come? And Other Questions about the Proposed Boston Convention Center

by Heywood T. Sanders

After an earlier expansion of Boston's Hynes Convention Center failed to live up to economic projections, boosters want to expand the center again. It is unlikely that the projected $700 million project will attract new convention business.

White Paper, February 1997
Pioneer Institute for Public Policy Research
#1976428 (Part 1, 15 pages)
#1976429 (Part 2, 16 pages)

Business Climate in the States



Making the Grade: A Response to the Assessment of Kansas in the 1996 Development Report Card for the States

by Bryan Riley

The "Development Report Card" has been used to justify a growing government role—through tax breaks and subsidies—in the state's economy. But the optimal government economic development policy is to maximize freedom and competition.

August 29, 1996
Kansas Public Policy Institute
#1974201 (12 pages)

Resolution on Economic Development

Targeted incentive programs penalize existing business and yield little benefit to a state's economy.

August 29, 1996
Kansas Public Policy Institute
#1901602 (2 pages)

Restrained State Spending Holds Key to Economic Growth

by James W. Coons

Ohio state legislators, like legislators nationwide, are engaged in the task of writing a balanced budget. One objective of such a budget should be to maximize economic growth. That goal is best achieved by a budget that is balanced by spending limitation, not revenue increases.

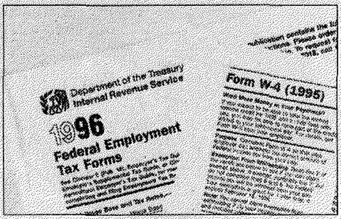
Perspective on Current Issues, February 1997
The Buckeye Institute for Public Policy Solutions
#0875101 (4 pages)

Do State and Local Taxes Affect Relative State Growth?

by Zsolt Becsi

For years economic theory proposed that "convergence"—the tendency of laggard states to catch up to economic growth leaders—was driving growth in the new south. While convergence is certainly a part of the story, state tax policy also has an effect on the long-term health of a state's economy.

Economic Review, March/April 1996
Federal Reserve Bank of Atlanta
#8020412 (19 pages)



Department of the Treasury
Internal Revenue Service
1996
Federal Employment
Tax Forms

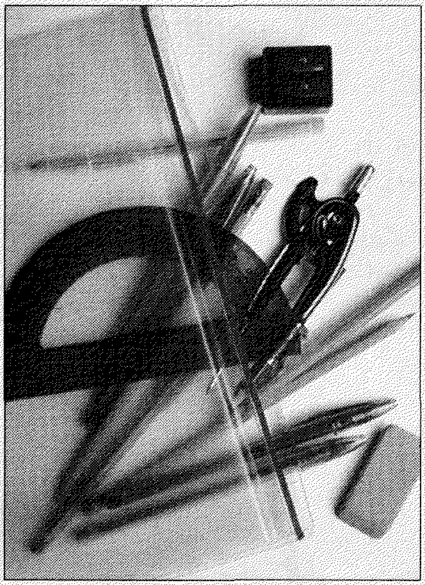
Form W-4 (1995)

Would Ebonics Programs in Public Schools Be a Good Idea?

by Keith Gilyard and Nicholas Stix

Ebonics has been called a legitimate language eligible for federal bilingual funding. But the poor results of bilingual programs might make one think twice about not only ebonics, but the whole idea of bilingual instruction.

Insight, March 1997
Insight on the News
#2113117 (4 pages)



Vouchers and Tax Credits

Vouchers and Educational Freedom: A Debate

Joseph L. Bast and David Harmer
versus Douglas Dewey

Are vouchers an incremental reform leading toward the end of the state's monopoly over education? Or do they represent the beginning of the end for private school independence? Three advocates of competition and choice debate whether vouchers go far enough toward privatizing education.

Policy Analysis, March 1997
Cato Institute
#2184428 (Bast and Harmer: Part 1, 14 pages)
#2184429 (Bast and Harmer: Part 2, 14 pages)
#2184430 (Dewey: Part 1, 10 pages)
#2184431 (Dewey: Part 2, 10 pages)

Voucher Programs Serve Low-Achieving Public School Students

Contrary to voucher opponents, who claim the programs take only the "cream" of public school students, the Milwaukee Parental Choice Program has attracted students who perform poorly in public schools.

Policy Note, February 1997
The Buckeye Institute for Public Policy Solutions
#2184139 (2 pages)

Tuition Tax Credits Are a Good Idea

by David F. Salisbury

Successful school reform will come only when parents are allowed to choose the schools their children attend. Tuition tax credits can make choice a reality, even for those with moderate incomes.

To The Point, February 1997
The Sutherland Institute
#2184140 (2 pages)

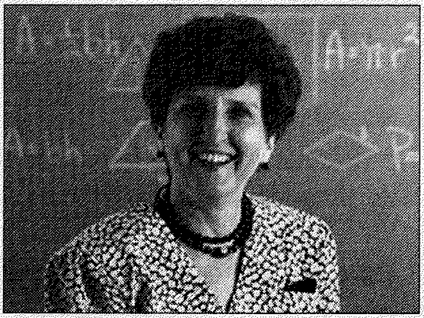
Education Spending in the States

Education Costs in Kansas Compared to Neighboring States

by Bryan Riley

Kansas spends almost 15 percent more on education than the average spending of its neighboring states. Unless it can be shown that Kansas students are receiving a superior education, the state's public school system is overpriced.

February 10, 1997
Kansas Public Policy Institute
#2124105 (2 pages)



Where Illinois Public School Taxes Go

by Dennis Constant

Over 80 percent of total spending on Illinois public schools goes to pay employee salaries, employee benefits, and independent contractors. Teachers and bureaucrats are the principal beneficiaries of increased spending on schools.

ITEF Review, Winter 1997
Illinois Taxpayer Education Foundation
#2124416 (12 pages)

Repeal Prevailing Wage Law to Increase School Funds

by Jeff Williams

The state's prevailing wage law will add between 10 percent and 40 percent to the cost of repairing Ohio public schools. Repealing that law will allow needed repairs to proceed more quickly, without boosting taxes or spending.

Perspective on Current Issues, March 1997
The Buckeye Institute for Public Policy Solutions
#2124106 (4 pages)

Risk vs. Risk

by Tom Arrandale

Cities and states are experimenting with comparative risk approaches to pollution. Such approaches fall in between the usual "take no prisoners" approach to environmentalism and pure economic cost/benefit analysis.

Governing, April 1997
Congressional Quarterly Inc.
#2313114 (5 pages)

Swamped: How America Achieved "No Net Loss"

by Jonathan Tolman

Three voluntary, incentive-based federal programs accounted for 90 percent of an estimated 210,000 acres of restored wetlands in 1995. The Corp of Engineers' "404 program" is five times as expensive.

Policy Study, April 1996
Competitive Enterprise Institute
#2390301 (Summary)
#2390402 (Part 1, 14 pages)
#2390403 (Part 2, 11 pages)

Lords of the Flies

by Ike C. Sugg

The Fish and Wildlife Service wants $10.5 million from private owners to buy a preserve for the Delhi sands flower-loving fly—even though the fly doesn't live on their land.

National Review, May 1997
National Review
#2321127 (3 pages)

Air Quality Standards

The EPA's New Clean Air Standards: A Primer

by Dana C. Joel

The EPA has proposed new air standards that would be devastating to the economy—even though the agency admits that scientific evidence supporting the proposed standards is lacking. This primer, by the deputy director of regulatory affairs at Citizens for a Sound Economy, describes the new standards, outlines the negative impact those standards would have on the U.S. economy, and exposes the lack of science available to support the proposed standards.

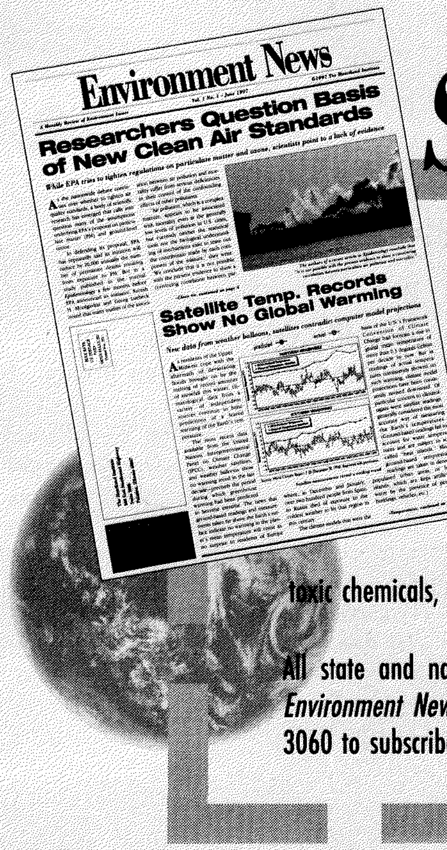
Issue Analysis, April 1997
Citizens for a Sound Economy Foundation
#2303427 (Part 1, 13 pages)
#2303428 (Part 2, 10 pages)

Surprising Critics of the New Clean Air Standards: The U.S. Government

by Dana C. Joel

Not just big business, but some agencies and four cabinet-level departments of the U.S. government believe that the new clean air standards are costly and unnecessary.

Issue Analysis, April 1997
Citizens for a Sound Economy Foundation
#2303121 (5 pages)



Environment News

Vol. 1 No. 1 • June 1997

Researchers Question Basis of New Clean Air Standards

While EPA tries to tighten regulations on particulate matter and ozone, scientists point to a lack of evidence

Satellite Temp. Records Show No Global Warming

New data from weather balloons, satellites contradict computer model projections

Stay up to date

on environment issues

Read *Environment News*, the newest addition to The Heartland Institute's award-winning line-up of publications for busy policy makers!

Launched in June 1997, *Environment News* is a 24-page monthly newspaper focusing on sound science and market-based solutions to environment issues. *Environment News* reports the latest research and legislative actions on a wide range of environment topics, including global climate change, toxic chemicals, public health, private property, clean air, and regulatory reform.

All state and national elected officials, plus selected journalists, receive free subscriptions to *Environment News*. ***Watch your mail for the June issue!*** Other readers may call 847/202-3060 to subscribe; a one-year (10 issues) subscription is just $19.95.

Family & Culture

Transforming Community Development Policy

by Gary MacDougal, Jesse Madison, et al.

Many of the problems that face inner-city neighborhoods are poorly addressed by one-size-fits-all federal or state policies. Engaged community residents and organizations are more likely to be successful in solving those problems, even in the poorest neighborhoods.

Outlook, January 1997
Hudson Institute
#1919401 (12 pages)

The Mississippi Index of Leading Cultural Indicators

by Forest M. Thigpen

The Mississippi Family Council has pulled together a substantial amount of data measuring, as the study's subtitle reports, "more than three decades of social change in Mississippi." In chapters on Crime, Family and Health, Education, and Economy and Income, the index offers graphs, tables, and useful analysis of long-term trends. Author Forest Thigpen, president of the Council, warns readers that the solution to the cultural decline depicted in the index "is in the human heart, far from the reach of any law, any government program, or any dollar bill."

Mississippi Family Council, 1996
#2407408 (Part 1, 17 pages)
#2407409 (Part 2, 18 pages)

The Indianapolis *Rebuilding Families* Initiatives

Office of the Mayor, Indianapolis, Indiana

Indianapolis is addressing the breakdown of families through initiatives that encourage responsible fatherhood, discourage teen pregnancy, and improve support for teen mothers.

In Brief, February 1997
Evergreen Freedom Foundation
#9275411 (8 pages)

The Importance of Family Values

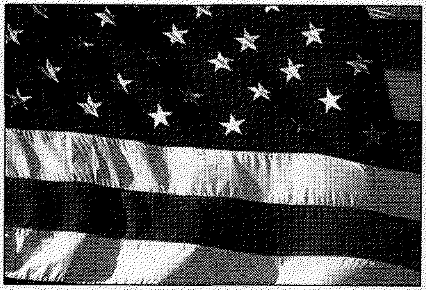
1. The American Family: Discovering the Values that Make Us Strong
by Diane Medved

2. Saving Childhood: Protecting Our Children from the National Assault on Innocence
by Michael Medved

Family values are not to be found in political debate, but in real-world families. Among those values are a protective attitude toward children—an attitude that has been abandoned by the mainstream entertainment media. Diane Medved is coauthor with Dan Quayle of *The American Family: Discovering the Values that Make Us Strong*, while her husband Michael Medved is a radio talk show host, film critic, and cohost of "Sneak Previews."

Sutherland Speeches, January 1997
The Sutherland Institute
#2400204 (12 pages)

Government



What Big Government Is All About

by David Boaz

It's all too often said that "Private individuals act for their private interest, while government employees act for the public good." Such canards have provided intellectual steam for the engine of big government . . . and they will need to be challenged if the "era of big government" is really going to end.

The Freeman, April 1997
Foundation for Economic Education
#2800126 (4 pages)

Reforming the Federal Government

Repealing the First Amendment: The Campaign Finance Reform Constitutional Amendment

by David M. Mason

Campaign spending limits would effectively nullify the first amendment and begin the process of unraveling all constitutional liberties.

Issue Bulletin, March 1997
The Heritage Foundation
#2815401 (13 pages)

Jacob Testifies Before House Subcommittee

by Paul Jacob

The American people want strong term limits for Congress, but GOP congressional leaders are no more receptive to them than were the Democrats before them.

No Uncertain Terms, March/April 1997
U.S. Term Limits
#2880112 (3 pages)

Next in Line for Devolution: Unemployment Insurance

by Kenneth A. Bolles and Mark Wilson

Administrative costs and unnecessary paperwork could be cut to save the private sector over four billion dollars if states are given the responsibility for unemployment insurance.

FYI, February 21, 1997
American Legislative Exchange Council
#2293102 (4 pages)

Government

Reforming State Governments

Length Matters: Legislative Sessions Should Be Short

by John Hood

Shortened legislative sessions would help reestablish the important principle of limited government by limiting the amount of legislation that is passed in a legislative session.

Carolina Journal, February/March 1997
John Locke Foundation
#2848101 (1 page)

Secession and the New American Constitution

by Joseph Stumph

In 1787, nine states ratified the current U.S. Constitution, peacefully replacing the Articles of Confederation. Today, a single state might also propose a new, limited federal government.

Chronicles, May 1997
The Rockford Institute
#2876101 (3 pages)

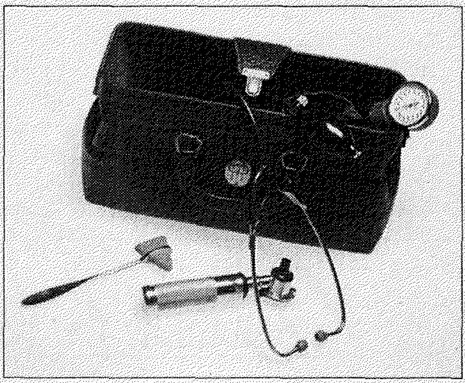
Health Care

Testimony to the Subcommittee on Privacy and Confidentiality of the National Committee on Vital and Health Statistics

by Denise M. Nagel M.D.

A recent survey shows that 85 percent of Americans believe that confidentiality of medical records should take precedence over the research needs of public health administrators. The recently passed Health Insurance Portability and Accountability Act (also known as "Kassebaum-Kennedy") requires that the U.S. Secretary of Health and Human Services take privacy considerations into account, and state legislators acting to comply with the mandates of Kassebaum-Kennedy should do so as well.

Testimony, February 19, 1997
Association of American Physicians and Surgeons
#3266201 (2 pages)



A Health Policy Agenda for the 105th Congress

by John C. Goodman

Funding Medicaid and Medicare, improving insurance availability, and raising health care quality are three political issues looming on the horizon. A $500 tax credit, combined with a $500 safety net subsidy, could address all three problems.

Brief Analysis, February 1997
National Center for Policy Analysis
#3200306 (2 pages)

The Republican Congress is Feeding America Government-Run Health Care: Piece by Piece

by Michael F. Cannon

ClintonCare meant fewer choices, unfunded mandates, and new bureaucracies. Voter outrage over that proposal gave Republicans control of Congress . . . yet now they're implementing ClintonCare piece by piece.

Issue Analysis, April 1997
Citizens for a Sound Economy Foundation
#3228420 (8 pages)

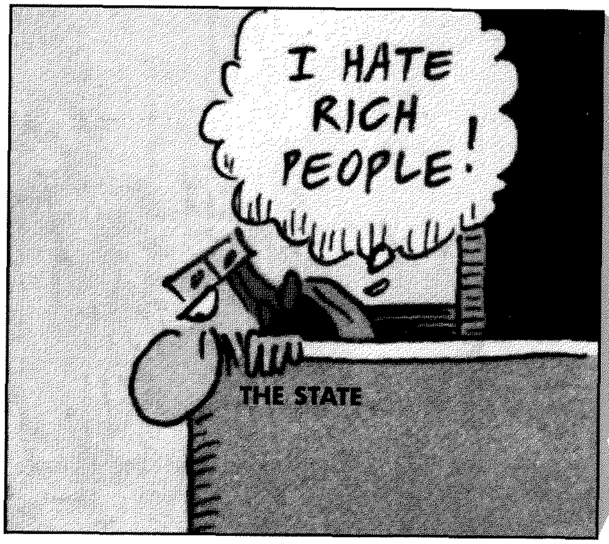
Health Care Liberalization

by Clifford F. Thies

Improving health care standards and holding down costs require the U.S. to move away from standardization and toward diversity. Socialists be warned: this means diversity in care delivered to people with different health care preferences and willingness to pay.

Speech to the Republican Liberty Caucus
December 14, 1996
#3200108 (5 pages)

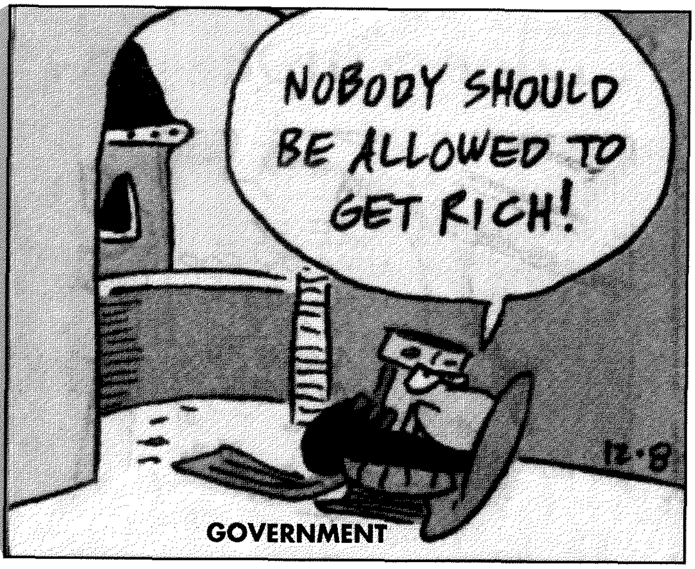
MATH BY GOVERNMENT

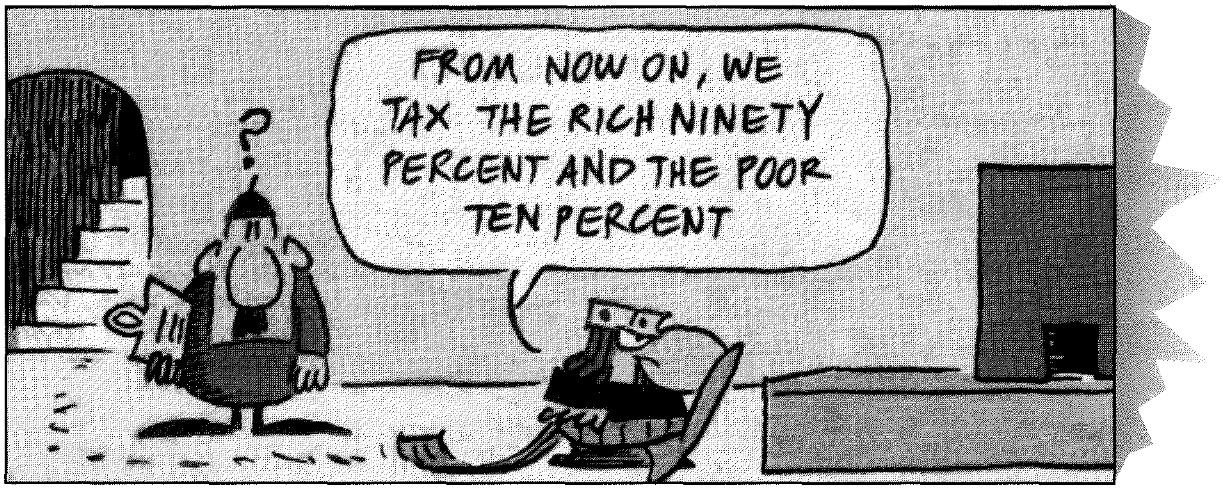

I HATE RICH PEOPLE!
THE STATE

Used with permission of Parker and Hart.

Once provided, benefits become "rights," and anyone who suggests eliminating them is denounced as mean and heartless.

I am persuaded that there is absolutely no limit to the absurdities that can, by government action, come to be generally believed.


NOBODY SHOULD BE ALLOWED TO GET RICH!
12·8
GOVERNMENT


?
FROM NOW ON, WE TAX THE RICH NINETY PERCENT AND THE POOR TEN PERCENT

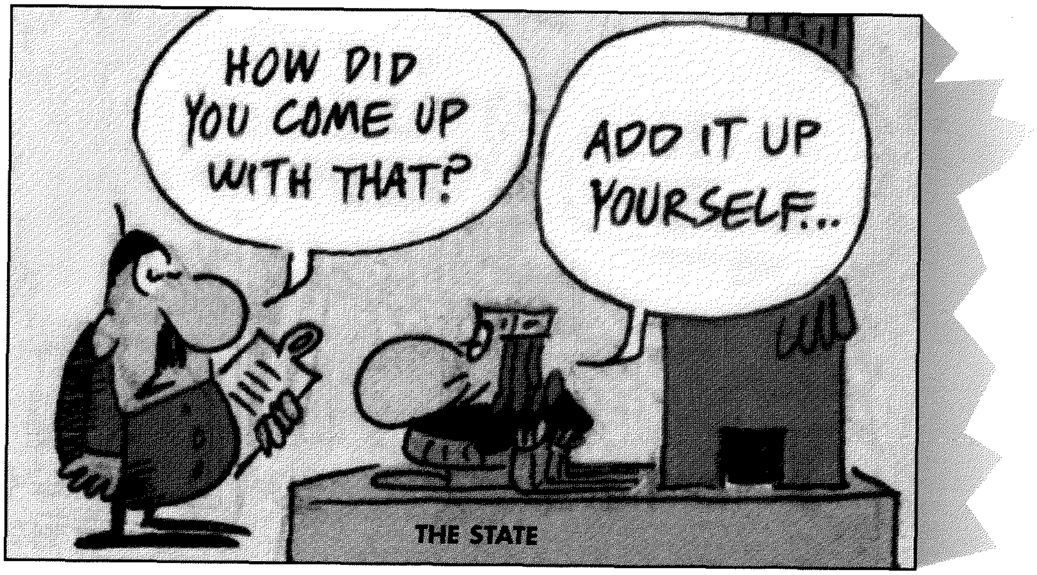
- **Unemployment benefits**
- **Tax deferments**
- **Student loans**
- **Farm subsidies**
- **Subsidized mortgages**
- **Subsidized medical insurance**
- **Disaster relief, and**
- **Thousands of other giveaways.**

And after a while, a government program becomes an apparent necessity. It's assumed that without farm subsidies all small farmers would go bankrupt and the country would starve; without federal loans no one could afford to go to college; and without Medicare no one would live past 65. **No one asks how the country survived so well before these things became government's responsibility.**

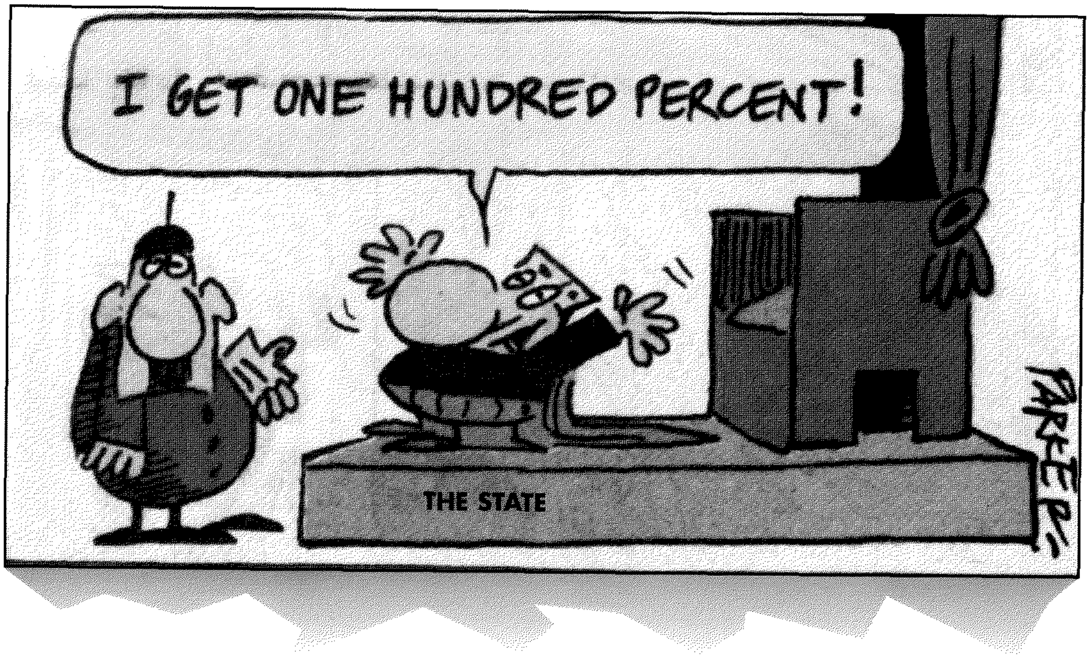
A PRETTY EQUITABLE SOLUTION, SIRE

The worst effect of these programs is to separate acts from consequences. They teach people to be careless. Since you don't have to pay for your own mistakes, you have no reason to exercise caution, restraint, or forethought. **Whatever goes wrong, the government will take care of you–so goes the myth!**

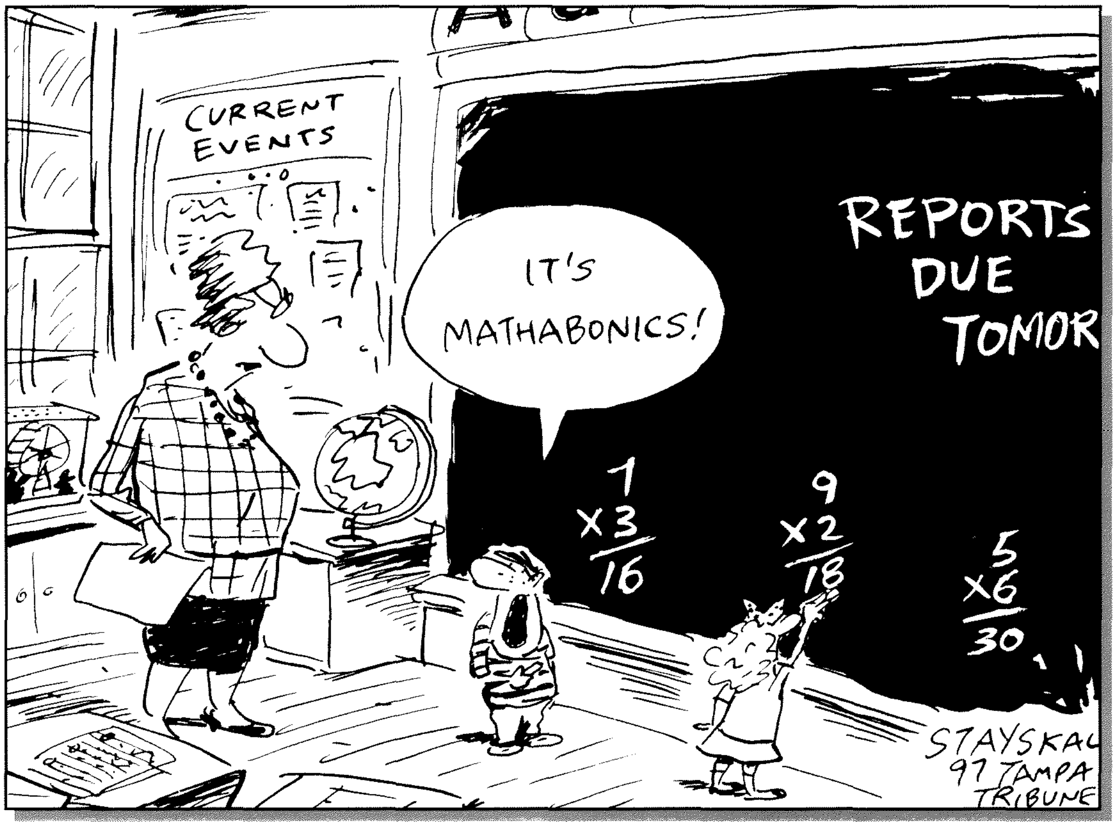
So it should be no surprise that we Americans save less than we once did, exercise less


HOW DID YOU COME UP WITH THAT?
ADD IT UP YOURSELF...
THE STATE

caution in business and personal dealings, seem less able to support ourselves, and are more dependent on government to survive. This, of course, provides politicians with an excuse for more laws and subsidies and regulations.


I GET ONE HUNDRED PERCENT!
THE STATE
PARKER

America has been transformed from the land of enterprise, initiative, and self-reliance into the land of entitlements and dependency.



...A wise man will enjoy the goods of which there is a plentiful supply, and **of intellectual rubbish he will find an abundant diet**, in our own age as in every other.

-Bertrand Russell

The individual who has reverence will not think it ones duty to 'mould' the young. He feels in all that lives, but especially in human beings, and most of all in children, something strangely precious, the growing principle of life, an embodied fragment of the dumb striving of the world.

All this gives him a longing to help the child in its own battle; he would equip and strengthen it, not for some outside end proposed by the State or by any other impersonal authority, but for the ends which the child's own spirit is obscurely seeking. The person who feels this can wield the authority of an educator without infringing the principle of liberty.

HOW THOSE IN THE KNOW REMAIN SO!

The American Record is published by the Brian Bex Report, Inc. National distribution is made possible by voluntary contributions. Multiple copies are available upon request.
AMERICAN COMMUNICATIONS NETWORK • 100 N. Woodpecker Rd. • Hagerstown, IN 47346 • (765) 489-5566 • Volume XXXI No. 6

Insurance

An Easy Way to Make Health Insurance More Expensive

by Merrill Matthews Jr.

The federal government has picked up a bad habit from the states: It has begun requiring mandated benefits in health care insurance coverage. Those mandates raise the cost of insurance and increase the number of uninsured.

Brief Analysis, February 1997
National Center for Policy Analysis
#3236308 (2 pages)

Congress Can't Help Uninsured Kids If it Doesn't Understand Them

by Michael F. Cannon

Senate Democrats overestimate the number of uninsured children; their proposals, if implemented, would make the situation worse.

Capitol Comment, February 1997
Citizens for a Sound Economy Foundation
#3236112 (2 pages)

VillageCare

Senators want coverage for uninsured children, but won't introduce choice into the process. Their proposed "Children's Health Coverage Act" specifically rules out insuring kids through Medical Savings Account plus catastrophic insurance.

AAPS News, May 1997
Association of American Physicians and Surgeons
#3200109 (4 pages)

Questions and Answers about Uninsured Children

by Merrill Matthews Jr.

Medical Savings Accounts, fairer taxes, and a strong economy hold more promise for insuring the nation's uninsured children than do federal reforms.

Brief Analysis, March 1997
National Center for Policy Analysis
#3236309 (2 pages)

Top Twelve False Claims Made about the Hatch-Kennedy Children's Health Coverage Bill

by Michael F. Cannon

The Children's Health Coverage bill will impose a massive entitlement program on the states. A better approach to helping uninsured kids would be to repeal restrictions on Medical Savings Accounts (MSAs).

Issue Analysis, April 1997
Citizens for a Sound Economy Foundation
#3236418 (6 pages)

Reform in the States

How to Implement Kassebaum-Kennedy

by Conrad F. Meier, Rhu

State legislators face the formidable task of implementing the mandates set forth in the Health Insurance Portability and Accountability Act—the Kassebaum-Kennedy bill. This analysis clarifies key provisions of the Act, describes the likely effects of the Act on the nation's health care system, corrects errors made in interpreting the law by the Department of Health and Human Services (HHS) and the National Association of Insurance Commissioners (NAIC), and reviews the options available to state legislators and administrators.

Policy Study, March 1997
The Heartland Institute
#3236420 (Part 1, 12 pages)
#3236421 (Part 2, 13 pages)

Complying with Kennedy-Kassebaum: Better Options for the States

by Peter J. Ferrara

The requirements states now face as a result of the federal Kennedy-Kassebaum health care bill are likely to prove destructive of state health care systems, raising costs while reducing access to health insurance. Fortunately, there are alternative measures the states can pursue that will avoid these ill effects.

The State Factor, March 1997
American Legislative Exchange Council
#3236419 (15 pages)

Health Insurance Regulation and the Destruction of Washington's Individual Market

by Jesse Malkin

Perverse incentives remain from Washington State's 1993 experiment with socialization of medicine. Those incentives are now driving up the costs of health insurance by encouraging healthy citizens to wait until they are sick before obtaining coverage.

A Citizen's View, April 1997
Washington Institute for Policy Studies
#3236417 (11 pages)

Medical Savings Accounts

What's Next for Medical Savings Accounts?

by John C. Goodman and Merrill Matthews Jr.

Now is the time to expand MSA availability beyond small business and the self-employed. The Federal Employee Health Benefits Program (FEHBP) is a good candidate for the expansion.

Brief Analysis, May 1997
National Center for Policy Analysis
#3253310 (2 pages)

Medical Savings Accounts: A How-To Guide for Ohio Businesses and Employees

by Michael T. Bond Ph.D.

Employers and employees benefit from Medical Savings Accounts, getting less expensive and higher quality health care. This report describes the steps necessary for a business to establish an MSA program for its employees.

Policy Report, February 1997
The Buckeye Institute for Public Policy Solutions
#3253419 (Part 1, 16 pages)
#3253420 (Part 2, 19 pages)

FDA Reform

Six Articles on Reforms for the FDA

by Henry I. Miller

Miller, a fellow of scientific philosophy and public policy at the Hoover Institution and consulting professor at Stanford University, calls the Clinton Administration's attack on tobacco "cynical" and "influenced more by public relations than public health." Miller contends that the FDA, in seeking the right to regulate tobacco as a drug, is pursuing political ends while neglecting its mission to improve public health. The articles included here appeared in the *Chicago Tribune*, *The Washington Times*, *Knight-Ridder Financial News*, *KRF Global News*, and *The Journal of NIH Research*.

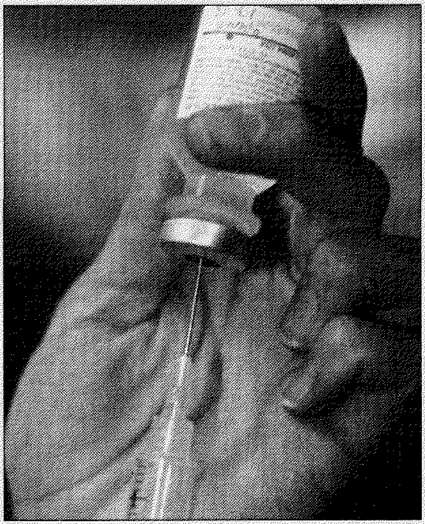
Articles, 1996
Dr. Henry I. Miller
#3264414 (15 pages)

FDA User Fees Have Done Nothing for Patients

by Michael F. Cannon

The Prescription Drug User Fee Act has been called a success because it has led to shorter approval times for new drugs. But the amount of time it takes to *develop* a new drug, from start to finish, has increased by almost two years. The FDA still needs major reform.

Capitol Comment, March 1997
Citizens for a Sound Economy
#3264112 (2 pages)



Medicare and Medicaid

Campaign to Legalize Medicaid Fraud Gains Support

An attempt is underway to decriminalize the practice of distributing assets in order to qualify for Medicaid. If successful, this effort would benefit middle-class retirees and their heirs at the expense of taxpayers and the poor.

Press Release, March 24, 1997
LTC, Incorporated
#3254104 (2 pages)

Fix Medicare, Not Medigap

by Merrill Matthews Jr.

Congressional meddling with Medigap insurance is the wrong prescription. The root cause of seniors' health care concerns is not Medigap, but the convoluted nature of the Medicare program itself.

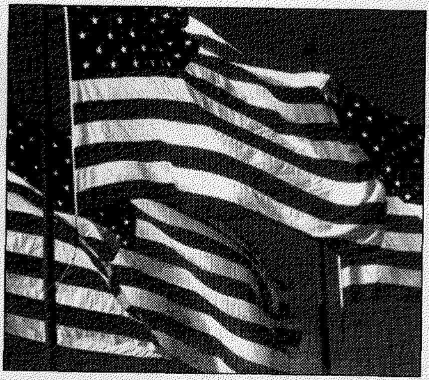
Brief Analysis, March 1997
National Center for Policy Analysis
#3273305 (2 pages)

The Endless Court Order

by Charles Mahtesian

Many state programs—from schools to jails to foster care—have in recent years been placed under strict regulation by court orders. Fortunately, it appears that the era of court-mandated reforms may be drawing to a close.

Governing, April 1997
Congressional Quarterly Inc.
#4832401 (4 pages)



Tort Reform

Adoption of Common Law Act

by Victor Schwartz, Mark A. Behrens, and Mark D. Taylor

Recent attempts at tort reform have often been nullified by state court decisions. The model legislation presented here is intended to restore the state legislatures' power over tort law.

The State Factor, January 1997
American Legislative Exchange Council
4813401 (8 pages)

Reopening State Statutes of Limitations

by Thomas E. Harman and Patrick Kelly

Either a general compensation fund as a payer of last resort, or rules to winnow out ineligible claimants, are more just and cost-effective than general legislative reopening of statutes of limitations.

The State Factor, February 1997
American Legislative Exchange Council
#4865401 (12 pages)

There's Trouble in Forest City

by Michael Hotra

The decline of small town America is no new story—but some of that decline is directly traceable to the costs of our overly litigious society.

FYI, April 25, 1997
American Legislative Exchange Council
#4813101 (4 pages)

The Price of Patriotism?

by Noel Card

The Dixie Flag Company was sued when a man was allegedly thrown 70 feet by a flapping flag. Aside from the highly questionable legal basis for such a claim, *Dixie didn't make the flag!* Dixie's insurer nevertheless thought a $6,000 settlement was a victory.

FYI, April 25, 1997
American Legislative Exchange Council
#4813102 (1 page)

Philanthropy

Independent Sector: Promoting Nonprofit Dependency

by Daniel T. Oliver

Independent Sector (IS) is a coalition of 750 nonprofits receiving $4 billion in government funding every year. Not surprisingly, IS promotes *increased* government spending, instead of more efficient private charitable efforts.

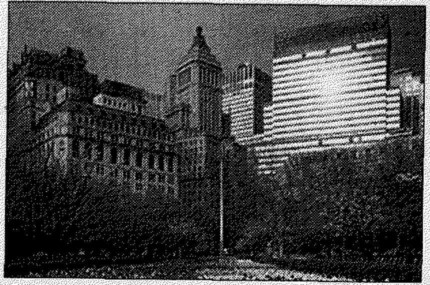
Alternatives in Philanthropy, March 1997
Capital Research Center
#6401414 (12 pages)

The Guggenheim Foundation's Slide Towards Irrelevance

by Martin Morse Wooster

Established to encourage advanced studies by new and unknown scholars, the Guggenheim Foundation has been metamorphosing for forty years into a plum for tenured professors.

Foundation Watch, March 1997
Capital Research Center
#6401415 (8 pages)



Politics

The Ends of Democracy

by Gary L. Bauer

The party of Lincoln has become the party of the focus group. If Republicans want to win future presidential elections, they must make *values* central to their message, and stop "testing the waters" on every issue.

At the Podium, November 1996
Family Research Council
#6312201 (8 pages)

Fifty Laboratories of Democracy: Changing Public Policy in the States Will Change Everything

by John W. Cooper, Ph.D.

Forty state-based think tanks, like California's Claremont Institute and Illinois' Heartland Institute, are on the front lines of the battle to move public policy in the direction of free markets and individual liberty.

October 4, 1996
Kansas Public Policy Institute
#6301404 (6 pages)

The Conservative March: A Long View

by Edwin J. Feulner Jr.

Conservatives should beware of overly theoretical and impersonal policy prescriptions. To win the hearts of voters, they are well advised to stick to Ronald Reagan's five simple words: family, work, neighborhood, freedom, and peace.

1997 State of Conservatism, March 1997
The Heritage Foundation
#6301103 (6 pages)

Privatization

Privatization Lessons Learned by State and Local Governments

Report to the Chairman, House Republican Task Force on Privatization

A U.S. government study of privatization efforts reveals that knowledge of costs, provision for workforce transition, and monitoring of results are key factors in the success of any privatization effort. Not surprisingly, these are the same factors that make for successful outsourcing arrangements among private-sector companies doing business with one another.

March 1997
United States General Accounting Office
#6512435 (Part 1, 10 pages)
#6512436 (Part 2, 10 pages)
#6512437 (Part 3, 14 pages)
#6512438 (Part 4, 15 pages)

Municipal Officials and Privatization

by Robin A. Johnson and Norman Walzer

Two essays assess the interest of Illinois municipal officials in privatization opportunities. Municipal officials may be hesitant to aggressively pursue privatization opportunities for several reasons: lack of information, opposition from elected officials, loss of control, and a shortage of bidders. Interestingly, labor union opposition was not often cited by surveyed municipal officials as an impediment.

Illinois Municipal Review,
February 1997 and April 1997
Illinois Municipal League
#6512108 (3 pages)
#6532101 (2 pages)

Case Studies

Privatizing Wine and Spirits Distribution in Pennsylvania

by Dr. Andrew Buck

Over the last decade, Iowa, West Virginia, and Alberta have privatized some or all of their liquor distribution. Those experiences suggest that the one-time sale of retail distribution rights to the private sector could generate $270 million for the state budget.

Report, January 1997
The Commonwealth Foundation
#6512308 (executive summary, 2 pages)
#6512434 (study, 20 pages)

Competitive Contracting and Contracting Out: Education Services, Transportation Systems, and Prisons

by Janet Beales, Jon Caldara, and Wally Nunn

The growing trend toward competition in services provided by government has produced, among other things, gifted student classes, inexpensive jitney services, and better prison conditions.

Commonwealth Conversations, March 1997
The Commonwealth Foundation
#6512202 (8 pages)

Private Adult Correctional Facility Census: Tenth Edition

by Charles W. Thomas, Dianne Bolinger, and John L Badalamenti

While some efforts at privatizing corrections can be reckoned failures, the Private Corrections Project's tenth annual census generally shows that privatization provides services of the same or better quality at lower operating costs.

Private Corrections Project, March 1997
Center for Studies in Criminology and Law
#6512306 (15 pages)

How-To

The Nuts and Bolts: Overcoming the Obstacles to Privatization

by Bill Eggers

Much has been written of the theoretical benefits of privatization, but before those benefits can be realized potential opposition must be overcome. Here is a practical ten-point program for neutralizing the opposition.

Commonwealth Conversations, April 1997
The Commonwealth Foundation
#6502401 (8 pages)

Lines in the Sand, and Other Follies: Why Urban-Growth Boundaries Are Misguided

by Robert Franciosi Ph.D.

Limiting urban growth by establishing development "boundaries" reduces a community's supply of affordable housing, hurts property owners, and actually *increases* overall sprawl as families act to escape the grasp of the area planners.

Perspective on Public Policy, March 1997
Goldwater Institute
#1919101 (2 pages)

Banking

Banking Pioneers: "Let Us Muzzle the Wail and Think Straight"

In the early twentieth century, black-owned banks began to grow and flourish. When the Depression destroyed most of them, influential black intellectuals "publicly disparaged self-help efforts . . . [and] made fun of the small black businesses that once dotted the landscape of every black community, and found no virtue in them." That legacy, unfortunately, lives on today in the black community.

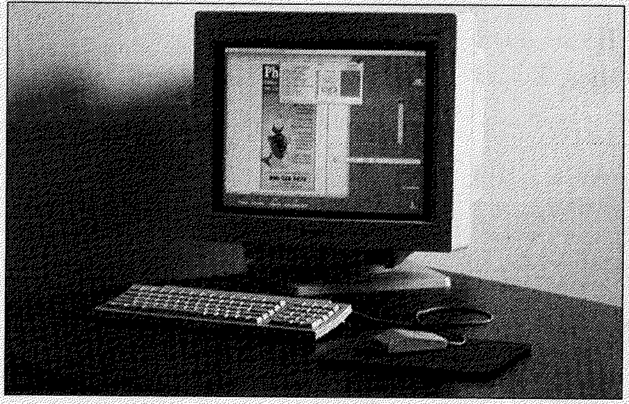
Issues & Views, Fall 1996
Open Forum Foundation
#7600401 (12 pages)

Rethinking Financial Regulation

by Thomas M. Hoenig

Regulation of the banking industry has concentrated on preserving individual institutions in order to stabilize the system. In a rapidly changing financial world, however, regulations aimed at preventing the spread of disruptions—instead of protecting individual members of the financial community—may be more appropriate.

The Region, December 1996
Federal Reserve Bank of Minneapolis
#7608401 (10 pages)



Electronic Media

Chilling the Internet? Lessons from FCC Regulation of Radio Broadcasting

by Thomas W. Hazlett and David W. Sosa

Through the Communications Decency Act (CDA), Congress attempted to improve the content of electronic speech. But previous FCC regulation of broadcasting (the so-called "fairness doctrine") succeeded only in suppressing discussion. The CDA will almost certainly do the same.

Policy Analysis, March 1997
Cato Institute
#7213403 (Part 1, 11 pages)
#7213404 (Part 2, 11 pages)
#7213405 (Part 3, 14 pages)

Regulation in Newspeak: The FCC's Children's Television Rules

by Robert Corn-Revere

Protecting children from inappropriate programs is not the same as granting a constitutional power to *mandate* "beneficial" programs.

Policy Analysis, February 19, 1997
Cato Institute
#2410403 (Part 1, 14 pages)
#2410404 (Part 2, 10 pages)

State-Level Regulation

Regulation in North Carolina: A Primer

by Michael Lowrey and John Hood

North Carolina already has over 20,000 rules in place. The state Rules Review Commission must be given the resources it needs to review 200 to 300 new rules proposed every month, and to use cost-benefit measurements to set priorities for action.

Policy Report, March 1997
John Locke Foundation
#7274401 (Part 1, 18 pages)
#7274402 (Part 2, 15 pages)

Don't Raise the Bridge, Lower the Water: How Government Can Really Help Small Entrepreneurs

by Robert Franciosi Ph.D.
and Nelson Llumiquinga

Between 3 and 10 percent of current welfare recipients have the ability to run their own businesses. One of the more effective ways for states to help them do so would be to cut unnecessary certification and licensing requirements.

Perspective on Public Policy, February 21, 1997
Goldwater Institute
#1920102 (2 pages)

Regulation

Electric Industry Deregulation

Five Principles Must Be Followed for Deregulation to Succeed in Illinois

by James J. O'Connor

For reasons of service reliability, fairness to investors and customers, and continued service for the poor, Commonwealth Edison favors a multi-year schedule for electricity deregulation in Illinois.

Speech and News Release, April 1997
Commonwealth Edison Co.
#7275201 (15 pages)

Old Dogs, Old Tricks

by Michael K. Block and Robert Franciosi

Regulatory inertia in Arizona is leading to a slow, seven-year phase-in of competition in the electric utility industry. Consumers and producers would be better-served by a "big bang" conversion to full competition before the end of the century.

Perspective on Public Policy, April 7, 1997
Goldwater Institute
#7275115 (2 pages)

What's the Best Way to Deregulate Providers of Electric Power?

by Stephen Merrill, Dan Shaefer, and Jerry Taylor

Leave it to the states? Require it from Washington? Strict laissez-faire? The only important remaining questions about electric deregulation are *how* and *when*—not *if*.

Symposium, May 1997
Insight
#7275114 (4 pages)

The Problem with Power: Public Threats to Private Utilities

by Elaine R. Davis

Stranded cost recovery has received substantial attention as an obstacle to competition in the electric utility industry. Addressing that issue with taxpayer subsidies and preferential treatment of government-owned utilities could skew or destroy emerging energy markets.

Report, March 1997
Washington Institute for Policy Studies
#72754401 (16 pages)

Electricity Deregulation and the Consumer

by Timothy J. Brennan et al.

Advances in technology are driving competition in the generation and distribution of electricity. Whether those advances will ever benefit the residential consumer will depend on the extent and nature of deregulation.

Resources, Winter 1997
Resources for the Future
#7275116 (4 pages)

Taxing Power: Electric Utility Taxes in a Competitive Environment

Utility taxes in Washington State are high, and they do nothing to account for the federal tax bias in favor of government-owned utilities. As deregulation gathers steam, the majority of consumers would benefit if the playing field between government-owned and investor-owned utilities were leveled.

Special Report, February 11, 1997
Washington Research Council
#8021403 (10 pages)

Taxes

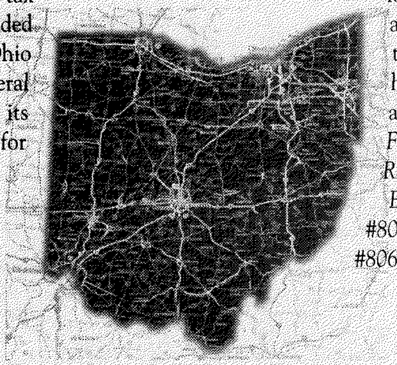
State Level

Ohio Keeps Poor Down with Unfair Taxes

by Samuel Staley and Robert Lawson

"Bracket creep" hurts poor families by forcing them to pay income tax rates originally intended for the middle class. Ohio should follow the federal example and index its income tax rates for inflation.

Perspective on Current Issues, April 1997
Buckeye Institute for Public Policy Solutions
#8037110 (4 pages)



Property Taxes

Property Taxes 1997: Reform the System

Rhode Island's property tax system lacks effective standards and has an overly long revaluation cycle. Standardized administration of the tax is required so citizens can hold government officials accountable.

February 1997
Rhode Island Public Expenditure Council
#8064407 (Part 1, 13 pages)
#8064408 (Part 2, 14 pages)

Proposed City Resolution and State Statute

This tax reform plays in Peoria. The Peoria, Illinois, city council approved this resolution calling for the state of Illinois to allow property taxation based on land only, not on the value of improvements (e.g. buildings). Shifting taxes from investment onto land values is likely to encourage development.

City of Peoria, Illinois, 1997
#8064602 (2 pages)

Excise Tax Proposals

Increasing the Gas Tax? Part II

by Bob Williams

Legislators in the State of Washington should reject a proposed 35 percent increase in gas taxes. Streamlined procedures and curtailed "prevailing wage" rules would allow necessary infrastructure improvements to be funded without a tax hike.

Policy Highlighter, April 14, 1997
Evergreen Freedom Foundation
#8021116 (2 pages)

Selling Pennsylvania's Liquor Stores: Use the Profits to Repair Roads and Reduce the Computer Services Tax

With $270 million on the table from the sale of its liquor stores, Pennsylvania should spend the money to shore up the aged road infrastructure and cut the business-hostile Computer Services Tax.

Issue Brief, March 1997
The Commonwealth Foundation
for Public Policy Alternatives
#6512106 (4 pages)

Kansas Public Policy Institute

featured Organization

The Kansas Public Policy Institute (KPPI) is a nonprofit research organization headquartered in Wichita, Kansas. KPPI is dedicated to the principles of limited government, open markets, and individual freedom and responsibility. Its program is overseen by a Research Advisory Council and Board of Trustees. KPPI can be reached at 316/683-0261; e-mail KPPI@aol.com.

The $3 Billion Question: Will the Legislature Finally Let Kansans Vote on Controlling Government Spending?

by Bryan Riley

During the last five years, state spending increased 44 percent faster than personal income in Kansas. A spending restraint amendment could save the average family more than $3,000 during the next five years.

January 16, 1997
Kansas Public Policy Institute
#0875419 (6 pages)

Financing Kansas Schools

by Glenn W. Fisher Ph.D.

The $2.7 billion spent on schools in Kansas comes from a complicated mix of federal, state, and local sources. Before one claims to have ideas for improving the system, he or she ought to understand how current revenue and funding programs work.

January 14, 1997
Kansas Public Policy Institute
#2124417 (20 pages)

The Case for Tax/Spending Limits in Kansas

by Daniel J. Mitchell with Bryan Riley

Though a supermajority requirement for taxes or spending does not guarantee sound economic policy, states with such requirements usually enjoy more rapid economic growth and job creation than states without them.

September 30, 1996
Kansas Public Policy Institute
#0875420 (5 pages)

Is Cutting Taxes Bad for Children?

by Bryan Riley

Research has shown no relationship between government spending on education and student achievement. Therefore, increasing state taxes in an effort to improve education is likely to fail . . . but doing so *will* mean fewer jobs and slower economic growth for the state.

May 6, 1996
Kansas Public Policy Institute
#8037111 (2 pages)

Income Taxes

A Flat Tax Doesn't Do It

by Jeffrey A. Singer

A flat income tax would be an improvement, but continuing the income tax encourages attempts at social engineering. A national sales tax would help block this tendency, and its visibility would cause voters to demand greater government accountability.

Perspective on Public Policy, March 14, 1997
Goldwater Institute
#8024128 (2 pages)

Tax Freedom Day 1997 is May 9

by Patrick Fleenor

In 1913, Tax Freedom Day (the day the average American paid off his tax obligations) was January 20. This year, it falls on May 9—the latest ever.

News Release, April 1997
Tax Foundation
#8081112 (3 pages)

Original Intent and the Income Tax

by Raymond J. Keating

If the original income tax rates of 1913 were inflation-adjusted, we would see no tax on incomes of $45,000 for singles, and $60,000 for married couples. The tax is now a major impediment to economic growth.

Research Reports, April 1997
American Institute for Economic Research
#8036123 (2 pages)

Trade

Putting Hemispheric Free Trade Back on the Fast Track

by Leah E. Braesch

Unless fast-track negotiating authority on free trade issues is granted without the baggage of labor and environment issues, the U.S. may find itself missing out on the burgeoning Central and South American markets.

Capitol Comment, February 1997
Citizens for a Sound Economy
#1980120 (2 pages)

Transportation

Mass Transit

Public Transit: Can it Deliver on the Promise?

by Wendell Cox

It is popularly believed that increased use of public transit means reduced congestion and pollution. In fact, public transit has not lived up to its expectations.

Sutherland Speeches, February 1997
The Sutherland Institute
#8152201 (14 pages)

Rail, or the Road Less Traveled?

by Tim Day

Rail transit systems fail to lure drivers from their cars, and thus a far more cost-effective approach to reducing congestion in Phoenix is to open the public transit monopoly to private competition.

Perspective on Public Policy, April 1997
Goldwater Institute
#8152104 (2 pages)

Public Transit: A Worthwhile Investment?

by John Semmens

Advocates of public transit claim that it can reduce congestion and pollution, while increasing economic growth. Examination of the facts, though, shows that mass transit is actually a poor and costly method of pursuing those aims.

Arizona Issue Analysis, April 1997
Goldwater Institute
#8152401 (Part 1, 17 pages)
#8152402 (Part 2, 14 pages)

Automobiles

America's Automotive Safety

America is already the safest country in the world in which to drive. Future improvements will depend more on driving behavior than on technical advances.

American Automobile Manufacturers Association, March 1997
#8103401 (Part I: The Vehicle, 7 pages)
#8103402 (Part II: The Driver, 6 pages)

Welfare

The Effect of Welfare on High School Graduation

by Howard Gensler

Gensler, who is assistant professor of business law and taxation in the department of accounting at The Hong Kong University of Science and Technology, empirically evaluates the relationship between the impact of increasing levels of welfare on high school graduation rates. Examining data for 6,111 low-income single female heads of households, Gensler finds that the higher a state's welfare benefits, the less incentive its citizens have to pursue a good education.

Cato Journal, Fall 1996
Cato Institute
#9212102 (5 pages)

What Is the Real Cause of Poverty?

by Walter Block and J. Patrick English

Population control purists claim that over-population is the root cause of poverty. An impartial survey of world prosperity, however, shows that the true predictor of poverty is lack of economic freedom.

Fundamentals of Prosperity, February 1997
James Madison Institute
#9219401 (13 pages)

Cracking the Casework Culture

by Rob Gurwitt

Today's welfare caseworkers will have to become employment counselors when welfare reform shifts the emphasis of public assistance from doling out money to promoting self-sufficiency.

Governing, March 1997
Congressional Quarterly Inc.
#9272426 (4 pages)

Busting the Welfare Bureaucracy

by Jonathan Walters

The administration of state welfare programs today focuses on following rules passed down from above. To really help people get off welfare, a bottom-up revolution, starting at the county or municipal level, will be needed.

Governing, March 1997
Congressional Quarterly Inc.
#9272425 (5 pages)

What Might Welfare Reform Bring?

by Douglas J. Besharov

Because the country's hard-core welfare recipient population is composed largely of never-married women and their children, argues Besharov—the American Enterprise Institute's resident scholar on welfare reform issues—welfare dependency won't be successfully addressed until the causes of "family breakdown" are addressed.

Commonwealth Conversations, March 1997
The Commonwealth Foundation
#9236201 (8 pages)

Welfare Fraud

Rosa Lee: Welfare Queen without Conscience

by Doug Bandow

Leon Dash won a Pulitzer Prize for his series of articles on Rosa Lee Cunningham: heiress to every pathology of the welfare state. The true horror however, is that neither Cunningham, nor Dash, nor Dash's readers seem appalled at the moral dimension of her mis-spent life.

Philanthropy Culture & Society, March 1997
Capital Research Center
#9224101 (6 pages)

Evergreen Freedom Foundation

featured Organization

The Evergreen Freedom Foundation (EFF) is dedicated to upholding the principles of individual liberty, free enterprise, and responsible and limited government. Its research, educational materials, and public policy alternatives focus on economic opportunity for all citizens; responsible, pro-family state tax and budget policies; equitable and sensible environmental resource management; and reform of welfare, health care, and education systems. EFF can be reached at 360/956-3482; e-mail effwa@aol.com.

Welfare Reform That Really Works #4: Wisconsin Calls It *Welfare Replacement*

by Karen Woods

Wisconsin has the most successful welfare reform program in the nation; its caseloads have fallen by 52 percent from January 1987 to December 1996.

Policy Highlighter, February 1997
Evergreen Freedom Foundation
#9275107 (2 pages)

Welfare Reform That Really Works #5: Massachusetts: "No Fear Reform"

by Karen Woods

Massachusetts has lowered its caseload by 20 percent since instituting welfare reforms, and doomsayers who predicted social service devastation have been proven wrong.

Policy Highlighter, February 1997
Evergreen Freedom Foundation
#9275108 (2 pages)

Welfare Reform That Really Works #6: Virginia: "Yes We Can"

by Karen Woods

The Virginia Initiative for Employment not Welfare (VIEW) has led to a 300 percent increase in the number of welfare recipients working.

Policy Highlighter, February 1997
Evergreen Freedom Foundation
#9275109 (2 pages)

Welfare Reform That Really Works #7: Miss Liberty Doesn't Know Them

by Karen Woods

Most non-citizen SSI recipients are elderly and apply for welfare within five years of their arrival in the U.S. Ceasing to be the land of opportunity, America is beginning to look like a nursing home.

Policy Highlighter, March 1997
Evergreen Freedom Foundation
#9275111 (2 pages)

Welfare Reform That Really Works #8: Will Washington State Welfare Reform Move People to Employment?

by Karen Woods

Successful welfare reform embraces work for everyone. Training and education programs aren't work . . . and they don't work.

Policy Highlighter, March 1997
Evergreen Freedom Foundation
#9275112 (2 pages)

Welfare Reform That Really Works #9: What is "Work"? Does it Matter?

by Karen Woods

When it comes to getting off welfare, labor force participation is superior to training programs. Redefining training programs as "work" only perpetuates welfare dependency.

Policy Highlighter, April 1, 1997
Evergreen Freedom Foundation
#9292101 (2 pages)

Welfare Reform That Really Works #10: Welfare is Not a Safety Net for Children!

by Karen Woods

Welfare reform approaches that concentrate on immediately moving aid recipients to the labor force are better than training programs. Work programs help children by combating the culture of dependency that generates more poverty.

Policy Highlighter, April 1997
Evergreen Freedom Foundation
#9200109 (2 pages)

State Reforms

Fifteen Years of Failure: The California Child Welfare System

by Justin Matlick

Perverse incentives built into the California social services structure have acted to keep kids in the system instead of settling them in permanent homes.

Ideas In Action, March 1997
Pacific Research Institute
#9275110 (Summary, 2 pages)
#9275413 (Part 1, 11 pages)
#9275414 (Part 2, 11 pages)

Wisconsin's Welfare Miracle

by Robert Rector

"In the last 10 years," writes Rector, the senior policy analyst for welfare and family issues at The Heritage Foundation, "while AFDC caseloads in the rest of the nation were rising steeply, the caseload in Wisconsin has dropped by half." Wisconsin's approach generally has been to require reasonable, responsible behavior by recipients as a condition of receiving aid. The keys to effective reform, writes Rector, are effective work requirements and a focus on reducing caseloads as the principal measure of success.

Policy Review, March/April 1997
The Heritage Foundation
#9275412 (7 pages)

An End to Welfare As We Know It?

by Jason L. Saving

The welfare reform bill gives new freedom of action to the states. Whether it is used to promote reform, or to resist it, remains to be seen.

Southwest Economy, January/February 1997
Federal Reserve Bank of Dallas
#9200110 (3 pages)

Welfare vs. Work: Aid Programs Offer Kansans a Dead-End Ride

by Michael Tanner with Bryan Riley

Because current welfare benefits are more lucrative than entry-level employment, benefits must be substantially cut if Congress and the states are serious about reducing long term welfare dependency.

May 13, 1996
Kansas Public Policy Institute
#9275410 (11 pages

Contacts

call 847.202.4888

American Automobile Manufacturers Association
1401 H Street NW #900
Washington, DC 20005
202/326-5500; fax 202/326-5567

American Institute for Economic Research
P.O. Box 1000
Great Barrington, MA 01230
413/528-1216; fax 413/528-0103;
e-mail aier@world.std.com

American Legislative Exchange Council
910 17th Street NW, 5th Floor
Washington, DC 20006
202/466-3800; fax 202/466-3801

Association of American Physicians and Surgeons
1601 North Tucson Boulevard #9
Tucson, AZ 85716
602/327-4885

The Buckeye Institute for Public Policy Solutions
131 North Ludlow Street #317
Dayton, OH 45402
513/224-8352; fax 513/224-8457;
e-mail buckeyeins@aol.com

Capital Research Center
1513 16th Street NW
Washington, DC 20036
202/393-2600; fax 202/393-2626;
e-mail 74157.1070@compuserve.com

Cato Institute
1000 Massachusetts Avenue NW
Washington, DC 20001
202/842-0200; fax 202/842-3490;
e-mail cato@cato.org

Center for Studies in Criminology and Law
419 Little Hall
University of Florida
Gainesville, FL 32611
904/392-1025

Center of the American Experiment
12 South Sixth Street #1024
Minneapolis, MN 55402
612/338-3605; fax 612/338-3621;
e-mail amexp@amexp.org

Citizens for a Sound Economy Foundation
1250 H Street NW #700
Washington, DC 20005-3908
202/783-3870; fax 202/783-4687;
e-mail cse@cse.org

The Commonwealth Foundation for Public Policy Alternatives
3544 North Progress Avenue #101
Harrisburg, PA 17110
717/671-1901; fax 717/671-1905

Competitive Enterprise Institute
1001 Connecticut Avenue NW
#1250
Washington, DC 20036
202/331-1010; fax 202/331-0640;
e-mail info@cei.org

Evergreen Freedom Foundation
P.O. Box 552
Olympia, WA 98507
360/956-3482; fax 360/352-1874;
e-mail effwa@aol.com

Family Research Council
801 G Street NW
Washington, DC 20001
202/393-2100; fax 202/393-2134;
e-mail frc@sojourn.com

Federal Reserve Bank of Atlanta
Public Affairs Department
404 Marietta Street NW
Atlanta, GA 30303-2713
404/521-8500

Federal Reserve Bank of Dallas
Public Affairs Department
P.O. Box 655906
Dallas, TX 75265-5906
214/922-5257

Federal Reserve Bank of Minneapolis
Public Affairs Department
P.O. Box 291
Minneapolis, MN 55480-0291
e-mail paeditor@res.mpls.frb.fed.us

The Foundation for Economic Education
30 South Broadway
Irvington-on-Hudson, NY 10533
914/591-7230; fax 914/591-8910;
e-mail freeman@westnet.com

Goldwater Institute
201 North Central
Phoenix, AZ 85004
602/256-7018; fax 602/256-7045;
goldwat@soho.ios.com

The Heartland Institute
800 East Northwest Highway
#1080
Palatine, IL 60067
847/202-3060; fax 847/202-9799;
e-mail think@heartland.org

The Heritage Foundation
214 Massachusetts Avenue NE
Washington, DC 20002
202/546-4400; fax 202/546-8328;
e-mail info@heritage.org

Hudson Institute
P.O. Box 26-919
Indianapolis, IN 46226
317/545-1000; fax 317/545-9639

Illinois Municipal League
P.O. Box 5180
Springfield, IL 62705-5180

Illinois Taxpayer Education Foundation
59 East Van Buren Street #2517
Chicago, IL 60605-1212
312-427-5128

Insight
3600 New York Avenue NE
Washington, DC 20002

The James Madison Institute
P.O. Box 13894
Tallahassee, FL 32317-3894
904/386-3131; fax 904/386-1807;
e-mail MadisonJMI@aol.com

The John Locke Foundation
1304 Hillsborough Street
Raleigh, NC 27605
919/828-3876; fax 919/821-5117;
e-mail locke@interpath.com

Kansas Public Policy Institute
8165 East Central #304
Wichita, KS 67206
316/683-0261; fax 316/683-0734;
e-mail KPPI@aol.com

LTC Incorporated
601 Union Street-22nd Floor
Seattle, WA 98101-2363
206/515-7196

Manhattan Institute
52 Vanderbilt Avenue
New York, NY 10017
212/599-7000; fax 212/599-3494;
e-mail dotsikas@pppmail.nyser.net

Mississippi Family Council
P.O. Box 13514
Jackson, MS 39236
601/969-1200; fax 601/969-1600;
e-mail msfamily@aol.com

National Center for Policy Analysis
12655 North Central Expressway
#720
Dallas, TX 75243-1739
972/386-6272; fax 972/386-0924;
e-mail ncpa@onramp.net

National Review
150 East 35th Street
New York, NY 10016
212/679-7330

National Taxpayers Union
108 North Alfred Street
Alexandria, VA 22314
703/683-5700; fax 703/683-5722

Open Forum Foundation
Issues & Views
P.O. Box 467
New York, NY 10025
phone and fax 718/655-7847

Pacific Research Institute
755 Sansome Street #450
San Francisco, CA 94111
415/989-0833; fax 415/989-2411;
e-mail pripp@aol.com

Pioneer Institute for Public Policy Research
85 Devonshire Street - 8th Floor
Boston, MA 02109
617/723-2777; fax 617/723-1880;
e-mail 75374.643@compuserve.com

Public Interest Institute
600 North Jackson Street
Mt. Pleasant, IA 52641-0135
319/385-3462; fax 319/385-3799

Reason Foundation
3415 South Sepulveda Boulevard
#400
Los Angeles, CA 90034-6064
310/391-2245; fax 310/391-4395;
e-mail rich@reason.org

Resources for the Future
1616 P Street NW
Washington, DC 20036
202/328-5103

Rhode Island Public Expenditure Council
300 Richmond Street #200
Providence, RI 02903

The Rockford Institute
934 Main Street
Rockford, IL 61103
815/964-5053; fax 815/965-1826;
e-mail rkfdinst@bossnt.com

The Sutherland Institute
111 East 5600 South #208
Murray, UT 84107
801/281-2081; fax 801/281-2414

Tax Foundation
1250 H Street NW #750
Washington, DC 20005-3908
202/783-2760; fax 202/942-7675

U.S. Term Limits Foundation
1125 15th Street NW #501
Washington, DC 20005
800/733-6440; fax 202/463-3210

Washington Institute for Policy Studies
P.O. Box 24645
Seattle, WA 98124-0645
800/546-4460; fax 206/938-6313;
e-mail wainst@aol.com

Washington Research Council
1301 5th Avenue #2810
Seattle, WA 98101-2603
206/467-7088; fax 206/467-6957;
e-mail 71550.2021@compuserve.com

Account Application

call 847.202.4888

If you are not an elected official, journalist, or talk show host, you can still use PolicyFax!

Just dial 847/202-4888 and enter a credit card number instead of a *PolicyFax* account number. Your credit card will automatically be charged $5 for each document you order. You don't need to open an account to use *PolicyFax*.

PolicyFax is easier to use, however, if you open a *PolicyFax* account secured by your credit card or by advance deposit. When you open a *PolicyFax* account, your fax number is entered into our database so you don't have to re-enter it each time you call. And instead of entering a lengthy credit card number, you enter only your eight-digit *PolicyFax* account number.

To open a *PolicyFax* account, check one of the two boxes to the right and complete the form below. Opening an account does not obligate you to use *PolicyFax*.

☐ **Credit card.** I authorize The Heartland Institute to charge the credit card listed below $5 for each *PolicyFax* document ordered using my *PolicyFax* account number.

☐ **Advance deposit.** Enclosed is advance payment in the amount of $_______, to be debited $5 each time a *PolicyFax* document is ordered using my *PolicyFax* account number.

Name ____

Phone ____________________ Fax ____________________

Title ____________________ Company ____________________

Street ____

City, State, Zip ____

I am a:

☐ Heartland Donor
☐ Librarian
☐ Lobbyist
☐ Student/Teacher
☐ Other

I authorize The Heartland Institute to charge the credit card listed to the right $5 for each *PolicyFax* document ordered using my *PolicyFax* account.

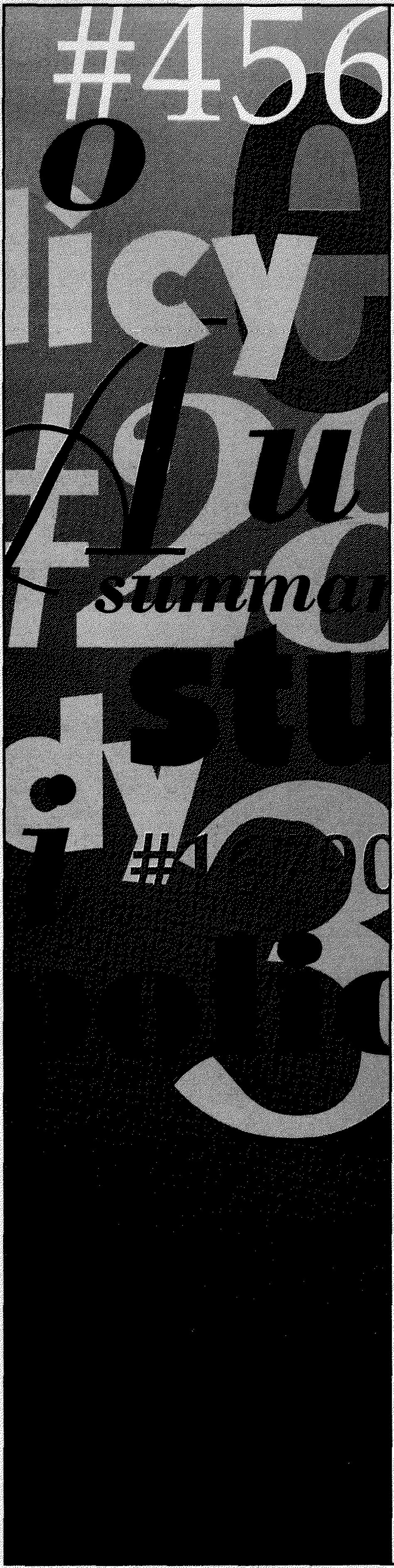
The following information must be provided.

Name on Card ____

Card Number ____________________ Card Type ____________________

Expiration ____________ Signature ____________________________

Fax this completed application to 847/202-9799, or mail it to The Heartland Institute, 800 East Northwest Highway, Suite 1080, Palatine, Illinois 60067.



The Information You Need.

Now.

With *PolicyFax* you get **instant access** to the latest and best publications from over 150 top think tanks and magazines.

It's **free** for elected officials and journalists.

Change the way you get information.
Turn to page 2 inside to find out how.

PolicyFax
847.202.4888

Uncovered

Children's Defense Fund Leans to the Left

Robert M. Vandervoort

Robert M. Vandervoort writes for the Capital Research Center and works on Capitol Hill.

Conservatives are gloomy despite the reelection of a Republican Congress. But things look different on the Left. The annual Children's Defense Fund Conference was held this year in Washington, D.C. on March 12-15, and CDF president Marian Wright Edelman was girding her troops for battle. Edelman urged liberal activists to fasten bayonets, gut the welfare reform bill, and pass a new socialized medicine scheme ostensibly meant for children.

The Children's Defense Fund (CDF) conference is an annual mobilization of professional members of what has been aptly called "the poverty industry."

The first order of CDF business was a press conference by the organization's founder and president, Marian Wright Edelman. Edelman, a '60s-era Great Society activist who has become part of Washington's permanent establishment, reminded the press that she was dismayed with the welfare reform bill signed last year by President Clinton.

> *The Children's Defense Fund conference is an annual mobilization of professional members of what has been aptly called "the poverty industry."*

This year CDF has a new tactic in its never-ending struggle to push tax-and-spend entitlement programs on the public. It has recast the 1993 battle for national health care as a battle for children's health. CDF is pushing legislation introduced by Senator Edward Kennedy (D-Massachusetts) to socialize medicine for children. His bill triples the current excise tax on cigarettes in order to provide federal grants for state health care initiatives.

At a press conference Edelman admitted that government health care for children was but the "next incremental step." She acknowledged that she did not know the program's cost but estimated it at "$8-9 billion a year." And where would government find the tax revenues to pay for the new program? Tripling the cigarette tax, Edelman asserted, would fund the program—and have the added bonus of discouraging smoking! This is the kind of reasoning that prevails when politics is more important than logic. Of course, if a tax discourages smoking, it won't raise revenue.

Gutting Welfare Reform

The conference offered a full menu of programs, including many of the "how-to" variety. On Thursday, I attended the session entitled *Lemon Aid: Despite its Flaws, Making the Most of the New Welfare Law*. This presentation on how to thwart welfare reform by using the new law against the intentions of its proponents was presented by Mark Greenberg, a lawyer with the Center for Law and Social Policy (CLASP), a liberal Washington D.C.-based think tank that focuses on domestic policy. A master of statutory legerdemain, Greenberg argues that states can evade the strict time limits and work requirements in the welfare reform law by creatively interpreting the law's provisions. He has been traveling across the country advising sympathetic administrators of state welfare agencies about loopholes in the law that he says can be used to avoid the new requirements.

For example, Greenberg argues that a state that acts creatively can shift up to half its caseload into state-funded programs, and thereby avoid the tough new federal requirements. Moreover, he says the federal law provides that up to 20 percent of caseloads may be exempt from time limits for reasons of hardship. In addition, he says the law's definition of what constitutes "work" is vague. There were long lines to get into this workshop. The large majority of those attending were government social workers. It was standing room only by the time Greenberg began his lecture.

Greenberg said he was troubled that the bill places restrictions on parole and probation offenders, legal immigrants, and drug offenders who want to receive welfare. But on a brighter note, he argued that "States can get around federal laws and regulations by using state dollars. States can still fund legal immigrants if they choose to." The same options are available to states that want to avoid the federal law's strict time limits. According to Greenberg, states can restructure welfare payments so that recipients never come up against time limits. The time limits will not apply if a welfare recipient is making a "best effort" to get a job. Similarly, legal immigrants can continue to receive government assistance if they are "refugees" or "asylees."

Greenberg did not satisfy everyone in the audience. One man complained that the new law would force advocacy groups to focus too much on particular situations and circumstances: "If the conservatives get us to spend all our time focusing on local things and not the political battle—they win." Still, Greenberg's advice was welcomed by the appreciative audience of note-takers.

Afterwards, I spoke with Andrea Kumura of the Seattle-based Central Youth and Family Service. She said 50 percent of her Center's funding is from the federal government. I asked if the new welfare law had an adverse effect on her clients. Kumura said that it had not, but she welcomed the session's information about changes in the system.

Available on *PolicyFax*

Top Twelve False Claims Made About the Hatch-Kennedy Children's Health Coverage Bill

The Children's Health Coverage bill will impose a massive entitlement program on the states. (*Citizens for a Sound Economy Foundation, April 1997, 6 pp.*)

Call 847/202-4888
Request document #3236418

Welfare

Robert Rector

Robert Rector is a
welfare expert at
The Heritage Foundation.

AFDC and Food Stamp Fraud in Orange County, California

A recently released study of the AFDC population in Orange County, California found 45 percent of the AFDC households in that county guilty of fraud. The investigation, which was carried on from August 1994 to October 1995, divided the Orange County AFDC population into three groups: no fraud, fraud but no overpayment, and fraud leading to overpayment.

With almost half of the households engaging in fraud, these fraudulent AFDC and food stamp payments amounted to 9.3 percent of the total cost of AFDC and food stamps to households on AFDC. Among the 30 percent of cases with overpayments due to fraud, the average extra cost per household was $216 per month.

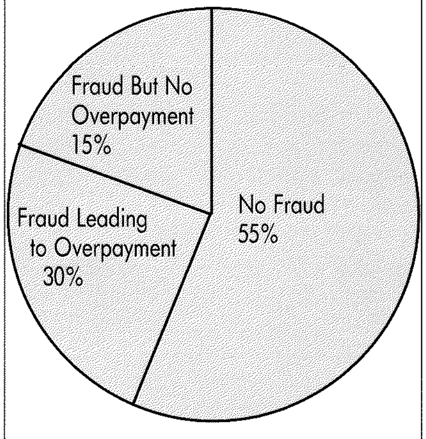
Several different types of fraud were identified. These included unreported property, false addresses, and misinformation on household composition—such as an unreported step-parent, unrelated adult male, or a child living out of the home. The most common form of fraud by far, however, was an unreported income, which accounted for over half of the 201 cases. The source of 81 percent of the unreported income could not be detected by the automated Earnings Clearance System—a system that provides computer matches of earned income as reported to the Social Services Agency by the client and the Employment Development Department by the employer.

Another component of the study was an investigation of the relationship between fraud and the length of time a household was receiving aid. The largest percentage of the incidences of fraud occurred in the first year of aid. County officials determined, after examining the data, that the majority of their resources should be directed toward the prevention of fraudulent benefits before they are ever received.

The results of the California study have important implications for welfare reform across the country. If what is true in Orange County is representative of AFDC populations nationally, the incidence of fraud will drop, along with the caseload, with the implementation of one simple reform: work. Requiring welfare recipients to work for their benefits will reduce fraud in two fundamental ways. First, it will cut down on new AFDC households—the ones that are most likely to receive fraudulent payments. Second, when recipients are required to appear regularly on an assigned job site, it is less likely that they will have the opportunity to earn additional, unreported income.

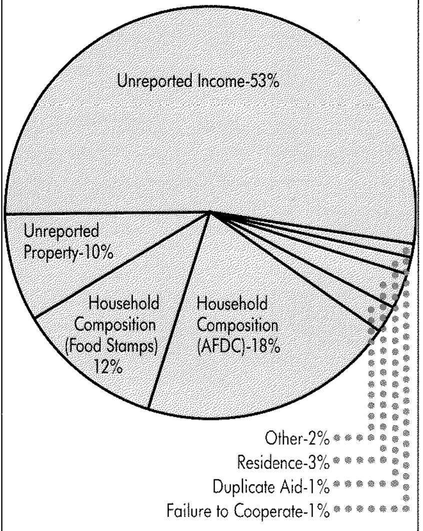
One of the first challenges in welfare reform is to separate those who truly need assistance from those who have other means but are willing to take a handout if one is being offered. The study of Orange County AFDC households indicates that those who fall into the latter category may be a larger percentage than previously thought. Real work requirements have already proven successful in reducing AFDC caseloads. In addition, this California study seems to indicate that those who have left the welfare rolls may not have been so needy. Eliminating welfare fraud is an important step in reforming the system and helping those who are truly in need to achieve self-sufficiency.

AFDC and Food Stamp Fraud in Orange County, California



Source: *County of Orange Fraud Incidence Study*, April 1997.

Welfare Fraud in Orange County, California



Source: *County of Orange Fraud Incidence Study*, April 1997.

Available on *PolicyFax*

What Works for Welfare?
Workfare programs, like Washington Works and Oregon's JOBS Plus, can be effective ways of reforming welfare. (*Washington Research Council, 1996*)

Call 847/202-4888
Request document #9272417
(9 pp.), #9272418 (9 pp.)

Public Funding of Stadiums: Governments Must Simply Say No

by Steven B. Loux, Esq.

Pennsylvania Governor Tom Ridge's Sports and Exposition Task Force has recommended selling the state liquor stores and "permitting" some of the profits from the sale to be used to help finance the construction of sports stadiums and arenas. Selling the state stores is a long overdue act . . . but using public moneys to help fund the construction of new, or the renovation of existing, stadiums is bad public policy.

Teams owners often want new stadiums in part (at least) to realize greater profits and increase the values of their teams. New stadiums can create from $10 million to $40 million in additional annual income for an owner. Even if the extra revenue is used solely for players' salaries, the owner still benefits, because the value of the team increases: Baseball teams that had the highest venue revenue in 1996 tended to be the teams with the greatest franchise value. Hence, public money invested in stadiums ends up eventually benefitting team owners and players.

> *It is financially irresponsible and ethically improper for public officials to invest in a losing proposition.*

Owners of pro teams have monopoly power and use it to extort public money to build new stadiums. Leagues—that is, owners—possess monopoly power over the supply of sports franchises per sport. There are more cities that want teams than there are teams per sport. This leads cities to compete for teams and allows owners to press their demands on cities and states. "Mr. Mayor, give me a new stadium or I am going to leave you, and your voters, high and dry. I will take my team to city X, which has promised me that it will build a lavish new stadium at its expense."

> *Public-sector stadium investment generally does not lead to economic growth.*

Cities are willing to lure teams with lavish stadiums and economic deals. From the point of view of many a city elected official, building a stadium seems to make sense. Having a major-league team in town puts the city on the national map. One commentator noted, "Mayors, under pressure not to lose a city's historical franchise and cajoled by local contractors, unions, lawyers, hotel, restaurant, and real estate interests, among other political powers, tend to look favorably upon new stadium construction. They invoke images of city grandeur and new corporate headquarters moving to town."

It is not clear why the public should be put on the hook for stadium funding. Is it really fair to require the public to subsidize the salaries of professional athletes—in baseball, the average player earned more than $1.1 million in 1995—by using taxpayer money to build new stadiums? Neither do team owners need or deserve a subsidy. As one economist remarked, "well-managed franchises generally yield handsome returns to their owners."

Research has clearly shown that public-sector stadium investment generally does not lead to economic growth. Stadium spending leads to the creation of low-income jobs; sports are a very small industry in a region; stadiums themselves will not serve as enticements for fans indefinitely; lease terms tend to benefit team owners and cost the public money; additional taxes are often needed to offset the operating costs of the stadiums; and state-level funding for the stadiums can be politically dependent on funding other pork projects elsewhere in the state. In addition, there is an *opportunity cost* to stadium development, in terms of foregone investments that would produce higher returns. Congressman Louis Stokes (D-Ohio) noted that "local governments struggle to provide such public services as schools, libraries, police and fire protection, and other essential community services while millions of dollars are diverted to retain or attract sports teams."

It is financially irresponsible and ethically improper for public officials to invest in a losing proposition. To the extent that public officials acquiesce or contribute to the demand for stadiums, they push up the price of sports team for all communities. The more cities spend now, the more they will have to spend in the future, and the less money will be available for other worthy projects.

Public officials, mayors and governors, must simply say no to requests for public money for new or upgraded stadiums. In the end, it is the responsibility of leagues, team owners, and players—not government officials or taxpayers—to ensure that teams are financially viable.

❖

Steven B. Loux, Esq. is the author of *Public Funding of Stadiums: Governments Must Simply Say No*, a report released by the Commonwealth Foundation. The study is available from the Commonwealth Foundation at 717/671-1901.

Will States Opt Out of Social Security?

The Oregon Legislature became the first in the nation to recognize that reforming Social Security may best be done at the state level. Oregon's House and Senate approved Senate Concurrent Resolution 2 on May 5th asking Congress to enact a waiver system so states can design and implement alternative retirement plans for all public- and private-sector workers.

The waiver process was first proposed by Cascade Policy Institute in June 1996 when it sponsored a talk in Portland by former Chilean minister of labor and social welfare Jose Piñera. Dr. Piñera privatized Chile's social security system in 1981 and is now working with the Washington D.C.-based Cato Institute to help other countries reap the benefits of such plans.

"Most younger workers worry that Social Security won't be there when they retire. Many older Americans share that concern for their children and grandchildren," said Steve Buckstein, president of Cascade Policy Institute. "We must develop alternatives that allow current retirees to be secure, while letting their children opt for fiscally sound retirement alternatives." Some options have existed in the past, but only for certain classes of public and private employees.

> *Social Security is no longer the "third rail" of American politics. It is on the table for serious discussion.*

Social Security is no longer the "third rail" of American politics. It is on the table for serious discussion. Several national organizations are designing private alternatives to Social Security. Cascade Policy Institute is designing a new Oregon Option that will give every worker the right to invest for his or her own retirement. According to Buckstein, "We believe many younger workers will jump at such an opportunity. Current retirees will support their choice as the best way to move away from a system destined to become insolvent early in the next century."

If the experience of other countries is any example, America's savings rate could skyrocket and the economy could grow substantially. American municipal workers allowed to opt out of Social Security prior to 1983 have also realized the significant advantages of private, fully funded retirement systems.

"It's time for all Americans to talk about alternatives to Social Security," says Buckstein. "Oregon is the first state to ask Congress to begin this discussion. We expect other states will follow. Together, we can develop plans that give all Americans the retirement choices they want and deserve."

The following Oregon State Senate Concurrent Resolution was submitted by Senator Gene Derfler on February 3, 1997. It was approved by the Oregon State Senate on March 14, 1997, and by the Oregon State House on May 5, 1997. It was delivered to each member of Oregon's Congressional delegation on May 8. Simply by modifying the last whereas clause to be state-specific, the resolution is easily adopted by state legislatures nationwide.

Senate Concurrent Resolution 2

Summary

Urges Congress to enact legislation amending the Social Security Act to authorize issuance of waivers to states allowing design and implementation of alternative retirement plans.

Concurrent Resolution

To the Senate and House of Representatives of the United States of America, in Congress assembled:

We, the Sixty-ninth Legislative Assembly of the State of Oregon, in legislative session assembled, respectfully represent as follows:

Whereas Social Security is a federal program that does not recognize the individual retirement needs of many Americans; and

Whereas Social Security tax revenues alone will be insufficient to pay current benefits as early as the year 2012; and

Whereas the Social Security Trust Funds may be completely exhausted by the year 2029; and

Whereas the investment return on Social Security contributions made by many workers today is significantly below that available from other sources; and

Whereas Oregon workers deserve the opportunity to invest more productively for their own retirements; and

Whereas more retirement investment alternatives might dramatically increase Oregonians' savings rate and retain more young adults who otherwise would leave the state for jobs elsewhere; and

Whereas the federal government has recognized Oregon's ability to develop successful alternatives for managing programs at the state level through waivers for the Oregon Health Plan and the welfare-to-work JOBS Plus program; now, therefore,

Be it Resolved by the Legislative Assembly of the State of Oregon:

(1) The Congress of the United States is urged to enact legislation amending the Social Security Act to allow the issuance of waivers to the states that will permit the design and implementation of alternatives to Social Security.

(2) A copy of this concurrent resolution shall be sent to each member of the Oregon Congressional Delegation.

❖

For more information about Oregon's state-based social security privatization proposal, contact Steve Buckstein, president of the Cascade Policy Institute, at SBuckstein@CascadePolicy.org.

Our first health care reform act was in 1887.

That's when Perrigo began offering high-quality, lower-cost alternatives to more expensive "medicines" of the day. Today, Perrigo is the nation's leading producer of store brand over-the-counter pharmaceutical, personal care and nutritional products. Store brands — those sold under a retailer's own name — are comparable in quality and effectiveness to national brands, but cost up to 40 percent less. Those savings, combined with trends toward self-medication and the inclusion of OTC's in treatment regimens by health care providers, can have a significant impact on reducing the cost of health care.

For more information on the role of store brand OTC's in health care, or on other issues related to store brand quality and value, contact the Perrigo Company.

Tussin DM
DAYHIST-D
Calcium
NASAL SPRAY
PREGNANCY TEST
NON-ASPIRIN
Chromium Picolinate

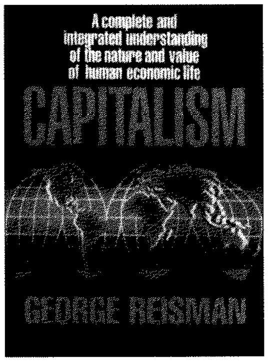
PERRIGO®

117 Water Street/Allegan, Michigan 49010/Government Affairs Office: (616) 673-9700

"Commands attention . . . an exhaustive survey and an impassioned manifesto . . . a book you would want in your library if you want to know what [an] intelligent advocate of capitalism would say on almost any economic issue."

—*Fortune* Magazine

Special offer for Heartland members and supporters!
Save $25 off regular cover price.


A complete and integrated understanding of the nature and value of human economic life
CAPITALISM
GEORGE REISMAN

This 6.5 pound, 8 x 11 book has 1100 pages. With its detailed index and contents you can use it forever as an encyclopedia of economics.

"Reisman has compiled one of the best defenses of the economics and morality of liberty I've seen written in recent years."
–Professor Walter E. Williams
George Mason University

"Reisman's ***Capitalism*** is the most rigorous and relentless case for laissez-faire capitalism written in our time. It is both a brilliant rebuttal of the charges against the market order and a discerning master plan for the restoration of capitalism."
–Hans Sennholz, President
Foundation for Economic Education

H97

SPECIAL OFFER
847•202•3060

The Heartland Institute, 800 E. Northwest Highway Suite 1080, Palatine, IL 60067

Please send me _____ copies of ***Capitalism*** ($95) by George Reisman at your special offer price of $69.95 plus $5 postage & handling. Enclosed is my check for $_________ or ○ Visa ○ MasterCard

number _______________ exp. date _______

phone _______________

name _______________

address _______________

city, state, zip _______________

The States vs. the Tobacco Industry

Suits Are Bad Legal Policy, Bad Public Finance

(On June 4, 1997, The Heartland Institute released Heartland Policy Study #83, "The States vs. the Tobacco Industry: Smoke and Assorted Mirrors," by Michael E. DeBow. The entire 24-page report is available from The Heartland Institute for $10. It is also available on the World Wide Web at **http://www.heartland.org.***)*

Two dozen states have filed lawsuits against the tobacco industry seeking reimbursement of Medicaid and other public health monies spent on smokers. As a matter of legal policy, these suits are a bad idea and should fail. If a state government wishes to raise additional moneys to cover smoking-related health care spending, raising the cigarette tax would be a much simpler, much cheaper, and much quicker route.

1. The lawsuits filed against the tobacco industry are flawed and do not fall within standard legal theories of liability.

Medicaid law allows states to pursue reimbursement from third parties only through the traditional legal theory called "subrogation," which allows the substitution of one party in the place of another. States do not want to sue under this theory, however, because it allows tobacco companies to defend themselves against the state in the same way they defend themselves against individual smokers who sue: by arguing that smokers "assume the risk" of smoking. Tobacco companies have consistently won such lawsuits against individual smokers, and it is unlikely that the states would fare much better.

So the states have been inspired to creatively apply a number of common law and statutory theories against the tobacco companies. When tested, these novel applications of the law have failed. Moreover, they represent a dangerous expansion of tort law that conscientious state attorneys general should avoid.

2. The failure of suits filed in Florida and San Francisco exposes the weakness of the legal case against tobacco.

In 1994, the Florida legislature went to extraordinary lengths to amend its Medicaid subrogation statute to pave the way for the state's tobacco lawsuit. In 1996, the Supreme Court of Florida upheld the constitutionality of the amended statute, but struck down several key provisions. Even in Florida—where the legislature was willing to throw out the common law and write new rules specifically to facilitate tobacco litigation—the state will be required in its lawsuits to identify by name individual Medicaid recipients who are smokers. The tobacco companies will be allowed to argue that Medicaid payments made to those individuals were improper. And the state can seek reimbursement only for Medicaid payments made after 1994, the effective date of the amended statute.

In 1997, a U.S. District Court judge dismissed a suit brought by the city and county of San Francisco to recover monies spent on smokers in local health care programs. The judge ruled that the city and county had not convinced the court that the smokers had relied on the tobacco companies' misconduct in deciding to smoke, nor that the smokers' health problems were caused by the tobacco companies' misconduct.

Summary of State Lawsuits vs. Tobacco

State	Date of Suit	Contingent Fee
States with Democratic Attorneys General (18)		
Alaska	April 1997	Not available
Connecticut	July 1996	Not available
Florida	February 1995	25 percent
Hawaii	January 1997	Not available
Indiana	February 1997	10 to 15 percent
Iowa	November 1996	To be determined by the court
Louisiana	March 1996	To be determined by the court
Maryland	May 1996	25 percent
Massachusetts	December 1995	25 percent
Michigan	August 1996	Not available
Minnesota	August 1994	25 percent
Mississippi	May 1994	To be determined by the court
Oklahoma	August 1996	Not available
Texas	March 1996	15 percent
Utah	September 1996	Not available
Washington	June 1996	Not available
West Virginia	September 1994	*Pro bono*
Wisconsin	February 1997	Not available
States with Republican Attorneys General (6)		
Arizona	August 1996	Not available
Illinois	November 1996	10 percent
Kansas	August 1996	Not available
New Jersey	September 1996	Not available
New York	January 1997	Not available
Pennsylvania	April 1997	Not available

Source: State Tobacco Information Center, as of April 27, 1997

3. If the states are likely to lose their Medicaid suits, why have the tobacco companies offered to settle?

A decision by the companies to litigate these cases would be a high-risk, "bet-the-company" decision. It may be that tobacco company executives simply do not have the stomach for that kind of risk. Moreover, it is expensive for them to continue to fight. One estimate places the tobacco industry's 1996 legal expenses at $600 million, with $100 million spent to defend the Minnesota Medicaid case alone.

A decision to settle would likely have positive effects on the stock prices of the cigarette companies. The news that settlement negotiations were underway sent RJR Nabisco and Philip Morris shares up 11 percent in a single day's trading. Current proposals would settle the state suits *and* pending and future suits by individual smokers, allowing the companies to get out from under a significant legal cloud.

4. If the states are likely to lose, why have they sued?

State attorneys general are elected officials, many of whom have further political ambitions and can be expected to court public opinion. They know the value of favorable press and publicity, and the tobacco industry is a tempting target. The tobacco lawsuits represent a golden opportunity for attorneys general to score political points with an increasingly tobacco-hostile public, while at the same time "scratching the backs" of their friends in the plaintiffs' bar. Eighteen of the 24 tobacco suits have been brought by Democratic attorneys general, and six by Republicans.

This is consistent with both the overwhelmingly Democratic make-up of the trial bar, and trial lawyers' patterns of support to political candidates.

The contingent fees that have been arranged with the lawyers representing the plaintiff states range from 10 percent to 25 percent of the state's recovery. Even if the tobacco companies settle, the plaintiffs' attorneys could earn as much as 3 percent of the settlement. With a rumored settlement of $250 billion, the payment to the plaintiffs' bar would total *$7.5 billion* over 25 years—$300 million per year.

5. A conscientious state attorney general has six strong reasons to decide against filing suit against the tobacco industry.

❖ *"Creative" applications of tort law, aimed today at the tobacco companies, will likely be used in the future to trap other defendants.* The attorneys general and their trial lawyer allies deny that suits against the liquor or fast-food industries are in the offing. But the theory of the tobacco suits will not simply disappear when those suits end. And a win by the states will create a huge new area of potential tort liability. It seems foolish to count on the future self-restraint of attorneys general and the plaintiffs' bar, given the amounts of money that would be at stake in pursuing other defendant industries.

❖ *It will be extremely difficult to argue that the tobacco companies "caused" smokers to choose to smoke.* People have known for a very long time that smoking is dangerous. Research by Harvard University economist Kip Viscusi shows that smokers tend to *overestimate* the health risks associated with smoking. The widespread public knowledge of the dangers of smoking means the plaintiff states will face an uphill battle on this issue.

❖ *The states have profited from their "relationship" with the tobacco industry.* By taxing cigarettes and other tobacco products, the states have long been partners with the tobacco firms and have profited from that partnership. The tobacco companies may be able to effectively argue that the states are coming before the court with "unclean hands"—something the law does not permit them to do.

❖ *It will be difficult to prove that the state's treasury has been hurt by the tobacco companies' conduct.* Unless a state can show that its treasury has been harmed by the activities of the tobacco companies, it cannot in good conscience take legal action against them. Research clearly shows that smoking does not impose a net financial injury on state treasuries. In 1993, state and federal cigarette taxes averaged 52.6 cents per pack; estimates of the medical care costs imposed on society by smokers that year range between 50 and 55 cents per pack. Smokers actually save society money when lower nursing home care, pensions, and Social Security costs are accounted for.

❖ *Smokers themselves, not the tobacco companies, will pay if the states win.* State attorneys general want the tobacco companies to pay for their alleged misconduct. But smokers, not the industry, will pay the lion's share of any settlement or damages determined at trial. The amount of any judgment against tobacco would represent an increase in the companies' cost of doing business—just like an increase in the costs of labor or raw materials. The companies would pass as much of this cost increase along to their customers as the market will bear, and no court could stop them.

> *Unless a state can show that its treasury has been harmed by the activities of the tobacco companies, it cannot in good conscience take legal action against them.*

❖ *Filing a Medicaid suit will have a negative effect on a state's legal system.* A responsible attorney general—a state's chief law enforcement officer—is concerned with the orderly and rational development of the state's laws and the maintenance of the state's constitutional order, including the separation of powers. By contrast, even the most thoughtful and ethical plaintiff's lawyer has, *by design*, less interest in those matters. A close alliance between the attorneys general and the activist plaintiffs' bar threatens to be an unholy one, and should be avoided.

6. The legislature's power to tax should not be handed to the judicial branch in the guise of a lawsuit.

Tax policy is constitutionally the responsibility of the legislative branch. If a state government wishes to raise money to cover the smoking-related charges against Medicaid or other public health programs, its legislature can raise the state's cigarette tax. The costs of a tax increase would fall largely on the same people—smokers—as would the costs of a successful Medicaid lawsuit. No bounty need be paid to the plaintiffs' bar. In addition, a cigarette tax increase would be much simpler, much cheaper, and much quicker than a lawsuit against the tobacco companies, and would pose no danger to a state's constitutional order or the rest of its legal system.

Contacts

The Abraham Lincoln Foundation
1710 Underpass Way, Hagerstown, MD 21740-6961

Acton Institute
161 Ottawa NW #301, Grand Rapids, MI 49503,
616/454-3080, info@acton.org

Accuracy in Academia
4455 Connecticut Ave NW #330, Washington, DC
20008, 202/364-3085, fax 202/364-4098

Accuracy in Media
4455 Connecticut Avenue NW #330,
Washington, DC 20008, 202/364-4401,
fax 202/364-4098, ar@take.aim.org

Advocates for Self-Government
1202 N. Tennessee Street. #202, Cartersville, GA
30120, 770/386-8373, fax 770/386-8323

The Alabama Family Alliance
PO Box 59468, Birmingham, AL 35259,
205/870-9900, fax 205/870-4407, ptarget@aol.com

Alexis de Tocqueville Institution
1611 North Kent Street, #901, Arlington, VA 22209,
703/351-4969, fax 703/351-0090, adti@erols.com

The Alexis de Tocqueville Institution

1611 North Kent Street #901, Arlington, VA 22209, phone 703/351-4969, fax 703/351-0090, e-mail adti@erols.com. The Alexis de Tocqueville Institute (AdTI) is a nonpartisan public policy research organization founded in 1986 to study, promote, and extend the principles of classical liberalism: political equality, civil liberty, and economic freedom. AdTI conducts research on five key areas of concern to policy makers: taxes and economic growth, education, immigration, national defense, and deregulation. It publishes a wide range of studies, articles, and op-eds. AdTI was recently named by *The National Journal* as one of five "up-and-coming" think tanks in Washington, D.C. More information is available at the AdTI Web site, http://www.school-report.com/AdTI.

Allegheny Institute for Public Policy
7 Parkway Center #612, Pittsburgh, PA 15220,
412/937-4526, fax 412/928-1501

American Conservative Union
1007 Cameron Street, Alexandria, VA 22314,
703/836-8602, fax 703/836-8606

American Council on Science and Health,
1995 Broadway, 2nd Floor, New York, NY
10023-5860, 212/362-7044, fax 212/362-4919,
acshmail@aol.com

American Enterprise Institute
1150 17th Street NW, Washington, DC 20036,
202/862-5800, fax 202/862-7178

American Institute for Economic Research
PO Box 1000, Great Barrington, MA 01230,
413/528-1216, fax 413/528-0103, aier@world.std.com

American Land Rights Association
PO Box 400, 30218 NE 82nd Avenue, Battle Ground,
WA 98604, 360/687-3087, alra@pacifier.com

American Legislative Exchange Council
910 17th Street NW, 5th Floor, Washington, DC 20006,
202/466-3800, fax 202/466-3801

Americans for Tax Reform
1320 18th Street NW #200, Washington, DC 20036
202/785-0266, fax 202/785-0261

American Studies Institute
Harding University, Box 899, Searcy,
AR 72149, 501/279-4497, fax 501/279-4076,
gardner@harding.edu

America's Future Inc.
7800 Bonhomme, St. Louis, MO 63105, 314/725-6003,
fax 314/721-3373, eamiller@basenet.net

Arizona Institute
7049 East Tanque Verde Road #386, Tucson, AZ
85715, 520/722-3300, fax 520/722-3335

Arkansas Family Council
1300 Westpark Drive #5-B, Little Rock, AR 72204,
501/664-4566, fax 501/664-2317

Arkansas Policy Foundation
Stephens Building, 111 Center Street #1610
Little Rock, AR 72201 501/376-9967, fax 501/376-6556

John M. Ashbrook Center
Ashland University, 401 College Avenue, Ashland, OH
44805, 419/289-5411, fax 419/289-5425

Atlantic Legal Foundation
205 East 42nd Street, 9th Floor, New York, NY 10017,
212/573-1960

The Atlas Economic Research Foundation
4084 University Drive #103, Fairfax, VA 22030-6812,
703/934-6969, fax 703/352-7530, atlas@his.com

Beacon Hill Institute for Public Policy Research
Suffolk University, 8 Ashburton Place, Boston, MA
02108-2270, 617/573-8750, fax 617/720-4272,
bhi@acad.suffolk.edu

The Blum Center for Parental Freedom in Education
Marquette University, Brooks Hall 209, PO Box 1881,
Milwaukee, WI 53201-1881, 414/288-7040,
fax 414/288-3170, blumcenter@vms.csd.mu.edu

The Buckeye Institute for Public Policy Solutions
131 North Ludlow Street #317, Dayton, OH 45402,
513/224-8352, fax 513/224-8457, buckeyeins@aol.com

California Public Policy Foundation
PO Box 931, Camarillo, CA 93011, 805/445-9183

Calvert Institute
2806 North Calvert Street, Baltimore, MD 21218

Capital Research Center
1513 16th Street NW, Washington, DC 20036-1401,
202/483-6900, fax 202/483-6902, 74157.1070@compuserve.com

Capitol Resource Institute
1314 H Street #203, Sacramento, CA 95814, 916/498-1940, fax 916/448-2888, capitolres@aol.com

Cascade Policy Institute
813 SW Alder Street #707, Portland, OR 97205,
503/242-0900, fax 503/242-3822,
cascadepol@aol.com

The Buckeye Institute for Public Policy Solutions

131 North Ludlow Street #317, Dayton, OH 45402, phone 513/224-8352, fax 513/224-8457, e-mail buckeyeins@aol.com. The Buckeye Institute for Public Policy Solutions is a nonprofit research and education institute made up of Ohio professors and scholars and a full-time staff in Dayton. The Institute provides market-oriented solutions for state and local problems faced by Ohioans. Its work focuses on six primary areas: education, taxes and spending, economic development, health care, poverty and welfare, and the environment.

Catalyst Institute
33 North LaSalle Street #1920, Chicago, IL 60602,
312/541-5415, fax 312/541-5401

Cato Institute
1000 Massachusetts Avenue NW, Washington, DC
20001, 202/842-0200, fax 202/842-3490,
cato@cato.org

Center for Independent Thought
938 Howard Street, San Francisco, CA 94103,
415/541-9780, fax 415/541-0597, orders@lfb.org

Center for Individual Rights
1300 19th Street NW #260, Washington, DC 20036,
202/833-8400, cir@mail.wdn.com

Center for Market Processes, Inc.
4084 University Drive #208 Fairfax, VA 22030
703/934-6970, fax 703/934-1578, cmp@gmu.edu

Center for the New West
600 World Trade Center, 1625 Broadway, Denver, CO
80021, 303/572-5400, fax 303/572-5499,
cnwinfo@newwest.org

Center for Policy Studies
201 Sirrine Hall, Clemson University, Clemson, SC
29634, 803/656-1346, fax 803/656-4532

Center for Rebuilding America's Schools
800 East Northwest Highway #1060, Palatine, IL
60067, 847/202-3060, fax 847/202-9799

Center for the School Community
121 North Kickapoo, Lincoln, IL 62656, 217/732-6462,
fax 217/732-3696

Center for the Study of American Business
Washington University, Box 1208, One Brookings
Drive, St. Louis, MO 63130-4899, 314/935-5630,
fax 314/935-5688, warren@csab.wustl.edu

Center for the Study of Popular Culture
9911 West Pico Boulevard #1290, Los Angeles, CA
90035, 310/843-3699, fax 310/843-3692

The Center for Education Reform
1001 Connecticut Avenue NW #204, Washington, DC
20036, 202/822-9000, fax 202/822-5077,
cerdc@aol.com

Center of the American Experiment
1024 Plymouth Building, 12 South Sixth Street, Minneapolis, MN 55402, 612/338-3605, fax 612/338-3621, amexp@amexp.org

Center of the American Experiment
1024 Plymouth Building, 12 South Sixth Street, Minneapolis, MN 55402, phone 612/338-3605, fax 612/338-3621, e-mail amexp@amexp.org. The Center of the American Experiment is a nonpartisan, tax-exempt public policy and educational institution that brings conservative and alternative ideas to bear on the most difficult problems facing Minnesota and the nation. It focuses on three sets of issues: Improving education; reducing poverty, crime and other problems by recognizing their cultural dimensions, particularly the importance of personal responsibility; and strengthening the economy by better appreciating the unmatched power of free markets. Its Web site address is http://www.amexp.org.

CEO America
PO Box 1543, Bentonville, AR 72712, 501/273-6957, fax 501/273-9362, ceoa@aol.com

Citizens against Government Waste
1301 Connecticut Avenue NW #400, Washington, DC 20036, 202/467-5300, fax 202/467-4253

Citizens for a Sound Economy
1250 H Street NW #700, Washington, DC 20005-3908, 202/783-3870, fax 202/783-4687, cse@cse.org

Citizens for Educational Choice
90 Highland Street, Milford, MA 01757, 508/634-6847

Citizens for Educational Freedom
927 South Walter Reed Drive #1, Arlington, VA 22204, 703/486-8311, fax 703/486-3160, cefvoucher@aol.com

Citizens League
708 South 3rd Street #500, Minneapolis, MN 55415, 612/338-0791, fax 612/337-5919, lwray@epx.cis.umn.edu

The Claremont Institute
250 West First Street #330, Claremont, CA 91711, 909/621-6825, fax 909/626-8724, bboychuk@aol.com

Choice in Education Foundation, Inc.
1821 University Ave. W. #305-S, St. Paul, MN 55104-2801, 612/644-8547

Committee for a Constructive Tomorrow
PO Box 65722, Washington, DC 20035, 202/429-2737, fax 301/859-0944, cfact@dgs.dgsys.com

The Commonwealth Foundation for Public Policy Alternatives
3544 North Progress Avenue #101, Harrisburg, PA 17110, 717/671-1901, fax 717/671-1905

Competitive Enterprise Institute
1001 Connecticut Avenue NW #1250, Washington, DC 20036, 202/331-1010, fax 202/331-0640, info@cei.org

Congressional Institute, Inc.
316 Pennsylvania Avenue SE #403, Washington, DC 20003-1147, 202/547-4600, fax 202/547-3556 leader@CongInst.org

Connecticut Policy and Economic Council, Inc.
99 Pratt Street, #500, Hartford, CT 06103, 860/527-8177, fax 860/246-9790, cpec@aol.com

Constitutional Heritage Institute
608 North 108th Court, PO Box 540787, Omaha, NE 68154, 402/493-9155, fax 402/333-5193, chioffice@aol.com

Consumer Alert
1001 Connecticut Avenue NW #1128, Washington, DC 20036, 202/467-5809, fax 202/467-5814, calert@aol.com

Consumers Research, Inc.
800 Maryland Avenue NE, Washington, DC 20002, 202/546-1713, fax 202/546-1638, crmag@aol.com

Council for Affordable Health Insurance
112 South West Street, 4th Floor, Alexandria, VA 22314, 703/836-6200, fax 703/836-6550

Defenders of Property Rights
6235 33rd Street NW, Washington, DC 20015, 202/686-4197, fax 202/686-0240, dwalmasi@aol.com

Delaware Public Policy Institute
PO Box 1052, Wilmington, DE 19899-1052, 302/655-7221, fax 302/654-0691

Drug Policy Foundation
4455 Connecticut Avenue NW #B-500, Washington, DC 20008, 202/537-5005, fax 202/537-3007

The Dumont Institute
236 Johnson Avenue, Dumont, NJ 07628, 201/501-8574, fax 201/387-0744, info@dumontinst.com

The Educational Excellence Network
223 North Guadelupe Street #305, Sante Fe, NM 87501, 202/966-8922, fax 202/363-0488

The Empire Foundation for Policy Research
4 Chelsea Place, Clifton Park, NY 12065, 518/383-2877

Employee Benefit Research Institute
2121 K Street NW #600, Washington, DC 20037 202/659-0670, fax 202/775-6312

Environmental Education Enterprises
2764 Sawbury Boulevard, Columbus, OH 43235, 614/792-0005, fax 614/792-0006, e3jklucky@aol.com

Ethan Allen Institute
RFD 1-Box 43, Concord, VT 05824-9505, 802/695-1448, fax 802/695-1448, ethallen@plainfield.bypass.com

Evergreen Freedom Foundation
PO Box 552, Olympia, WA 98507, 360/956-3482, fax 360/352-1874, effwa@aol.com

Families Against Mandatory Minimums
1001 Pennsylvania Avenue NW #200-S, Washington, DC 20004, 202/457-5790, fax 202/457-8564

The Family Foundation
PO Box 22100, Lexington, KY 40522, 606/255-5400

The Family Institute
200 12th Avenue South, Nashville, TN 37203, 615/254-3917

Family Research Council
801 G Street NW, Washington, DC 20001, 202/393-2100, fax 202/393-2134, frc@sojourn.com

Family Research Institute of Wisconsin
111 King Street #25, Madison, WI 53703-3339, 608/256-3228, fax 608/256-3370

The Federalist Society for Law and Public Policy Studies
1700 K Street NW #901, Washington, DC 20006, 202/822-8138, fax 202/296-8061

Florida Family Council
101 East Kennedy Boulevard #3120, Tampa, FL 33602, 813/222-8300, fax 813/222-8301

Focus on the Family
8605 Explorer Drive, Colorado Springs, CO 80920, 719/531-3400, fax 719/548-4525

Foundation for the Advancement of Monetary Education
211 East 43rd Street #2202 New York, NY 10017-4707, 212/818-1206, fax 212/818-1197

The Foundation for Economic Education
30 South Broadway, Irvington-on-Hudson, NY 10533, 914/591-7230, fax 914/591-8910, freeman@westnet.com

Foundation for Florida's Future
PO Box 144155, Coral Gables, FL 33114, 305/442-0414, fax 305/442-2215, cory@fff.org

Foundation for Research on Economics and the Environment
945 Technology Boulevard #101F, Bozeman, MT 59715, 406/585-1776, fax 406/585-3000, free@mcn.net

Milton & Rose D. Friedman Foundation
One American Square #2440, P.O. Box 82078, Indianapolis, IN 46282, 317/681-0745, fax 317/681-0945. The Friedman Foundation promotes public understanding of the need for major reform in K-12 education and of the role that competition through educational choice can play in achieving that reform. It was established in September 1996 by a generous contribution from renowned economists Milton and Rose Friedman. Among other activities, the foundation conducts research and education programs; provides legal assistance to communities and parents; and makes grants to parental groups and nonprofit organizations promoting school choice. The foundation accepts tax-deductible contributions from any private source that shares its mission.

The Fraser Institute
626 Bute Street, 2nd Floor, Vancouver, BC, V6E 3M1 Canada, 604/688-0221, fax 604/688-8539, fraser_institute@mindlink.bc.ca

Free Congress Foundation
717 Second Street NE, Washington, DC 20002, 202/546-3004, fax 202/546-7689, netmail@fcfef.org

Free Enterprise Institute
9525 Katy Freeway #303, Houston, TX 77024,
713/984-1343

Free Market Committee
PO Box 740367, Dallas, TX 75374, 214/348-2801

Free Market Foundation
PO Box 741777, Dallas, TX 75374, 214/680-9171

Milton & Rose D. Friedman Foundation
One American Square #2440, P.O. Box 82078,
Indianapolis, IN 46282, 317/681-0745,
fax 317/681-0945

Future of Freedom Foundation
11350 Random Hills Road #800, Fairfax, VA 22030,
703/934-6101, fax 703/803-1480, freedom@fff.org

The George C. Marshall Institute
1730 K Street NW #905, Washington, DC
20006-3868, 202/296-9655, fax 202/296-9714,
debett@marshall.org

Georgia Family Education and Research Council, Inc.
3937 Holcomb Bridge Road #301, Norcross, GA
30092, 404/242-0001, fax 404/242-0501

Georgia Public Policy Foundation
4340 Georgetown Square #608, Atlanta, GA 30338,
770/455-7600, fax 770/455-4355, gppf@america.net

Golden State Center for Policy Studies
1127 11th Street #206, Sacramento, CA 95814,
916/446-7924, fax 916/446-7990, britrav@aol.com

Goldwater Institute
201 North Central, Phoenix, AZ 85004, 602/256-7018,
fax 602/256-7045, goldwat@soho.ios.com

Institute for Independent Education
1313 North Capitol Street NE, Washington, DC 20006, phone 202/745-0500, fax 202/745-9298, e-mail iie@prodigy.com. The Institute for Independent Education provides technical assistance and policy development to independent community-based schools nationwide and offers in-service workshops for teachers, administrators, and parents. The group maintains a database on independent community-based schools and is developing a fundraising program to increase the availability of tuition scholarships, expand teacher training opportunities, and enhance the institutional operation of the schools through facilities development and upgrading of equipment for libraries and laboratories.

Gun Owners of America
8001 Forbes Place, Springfield, VA 22151,
703/321-8585

The Heartland Institute
800 East Northwest Highway #1080, Palatine, IL
60067, 847/202-3060, fax 847/202-9799,
think@heartland.org

The Heritage Foundation
214 Massachusetts Avenue NE, Washington, DC
20002, 202/546-4400, fax 202/546-8328,
info@heritage.org

Hillsdale College
33 East College Street, Hillsdale, MI 49242,
517/437-7341, fax 517/437-0160

Hoover Institution
Stanford University, Stanford, CA 94305-6010,
415/723-1754, fax 415/723-1687

Hudson Institute
Herman Kahn Center, PO Box 26-919, Indianapolis,
IN 46226, 317/545-1000, fax 317/545-9639

Independence Institute
14142 Denver West Parkway #185, Golden, CO
80401, 303/279-6536, fax 303/279-4176,
tomtank@aol.com

Independent Institute
134 98th Avenue, Oakland, CA 94603, 510/632-1366,
fax 510/568-6040, independ@dnai.com

Indiana Policy Review Foundation
PO Box 25125, Fort Wayne, IN 46825-0125
46204-1725, 317/236-7360, fax 317/236-7370

Institute for American Values
1841 Broadway #211, New York, NY 10023,
212/246-3942

Institute for Contemporary Studies
720 Market Street, 4th Floor, San Francisco, CA
94102, 415/981-5353, fax 415/986-4878,
icspress@hooked.net

Institute for Humane Studies
George Mason University, 4084 University Drive
#101, Fairfax, VA 22030, 703/934-6920,
fax 703/352-7535, ihs@gmu.edu

Institute for Independent Education
1313 North Capitol Street NE, Washington, DC 20006,
202/745-0500, fax 202/745-9298, iie@prodigy.com

Institute for Justice
1717 Pennsylvania Avenue NW #200, Washington, DC
20006, 202/955-1300, fax: 202/955-1329

Institute for Policy Innovation
250 South Stemmons Highway #306, Lewisville, TX
75067, 214/219-0811, fax 214/219-2625, ipi@i-link.net

Institute for Research on the Economics of Taxation
1300 19th Street NW #240, Washington, DC 20036,
202/463-1400, fax 202/463-6199

Institute of Economic Affairs
2 Lord North Street, London, SW1P 3LB, UK, fax (+44)
(0)171 799 2137

Institute of Political Economy
Utah State University, Political Science Department,
Logan, UT 84322-0725, 801/797-2064, fax 801/797-
3751, c-nielsen@wpo.hass.usu.edu

The Institute on Religion and Public Life
156 Fifth Avenue #400, New York, NY 10010,
212/627-1985, fax 212/627-2184

The James Madison Institute
PO Box 13894, Tallahassee, FL 32317-3894,
904/386-3131, fax 904/386-1807,
MadisonJMI@aol.com

Jeffersonian Health Policy Foundation
136 John Tyler Highway, Williamsburg, VA 23185,
757/252-2729

The John Locke Foundation
1304 Hillsborough Street., Raleigh, NC 27605,
919/828-3876, fax 919/821-5117, locke@interpath.com

Josiah Bartlett Center for Public Policy
PO Box 897, Concord, NH 03302-0897,
603/224-4450, fax 603/224-4329

Kansas Public Policy Institute
8165 East Central #304, Wichita, KS, 67206
316/683-0261, fax 316/683-0734, KPPI@aol.com

Laissez Faire Institute
828 North Poplar Court, Chandler,
AZ 85226, 602/940-9824

Landmark Legal Foundation
2345 Grand Avenue #2310, Kansas City, MO 64108,
816/474-6600, fax 816/474-6609, hutchp@aol.com

Law and Economics Center
University of Miami, PO Box 248000, Coral Gables,
FL 33124, 305/284-6174, fax 305/662-9159,
kwclarkson@aol.com

Lincoln Legal Foundation
100 West Monroe #1600, Chicago, IL 60603,
312/606-0951, fax 312/606-8879

Louisiana Citizens for a Sound Economy
PO Box 80362, Baton Rouge, LA 70898,
504/387-2242, fax 504/387-2244

Mackinac Center for Public Policy
PO Box 568, Midland, MI 48640, 517/631-0900,
fax 517/631-0964, mcppideas@aol.com

Manhattan Institute
52 Vanderbilt Avenue, New York, NY 10017, 212/599-
7000, fax 212/599-3494, dotsikas@pppmail.nyser.net

Media Research Center
113 South West Street, 2nd Floor, Alexandria, VA
22314, 703/683-9733, fax 703/683-9736,
ajmrc@aol.com

Michigan Family Forum
611 South Walnut Street, Lansing, MI 48933,
517/374-1171, fax 517/374-6112

The Mid-America Legal Foundation
150 N. Michigan Avenue #2500, Chicago, IL 60601,
312/750-3569

Minnesota Family Council
2855 Anthony Place South #150, Minneapolis, MN
55418-3265, 612/789-8811, fax 612/789-8857

Minority Mainstream
13555 Bammel North Houston #189, Houston,
TX 77066, 713/228-6246, fax 713/583-9534,
grichardson@ghgcorp.com

Mississippi Family Council
PO Box 13514, Jackson, MS 39236, 601/969-1200,
fax 601/969-1600, msfamily@aol.com

Mountain States Legal Foundation
707 17th Street #3030, Denver, CO 80202-3404,
303/292-2021, fax 303/292-1980

National Center for Policy Analysis
12655 North Central Expressway #720, Dallas, TX
75243-1739, 972/386-6272, fax 972/386-0924,
ncpa@onramp.net

National Center for Public Policy Research
300 Eye Street NE #3, Washington, DC 20002,
202/543-1286, fax 202/543-4779, reliefprt@aol.com

National Chamber Foundation
1615 H Street NW, Washington, DC 20062,
202/463-5552, fax 202/463-3124

National Rifle Association of America
11250 Waples Mill Road, Fairfax, VA 22030-7400,
703/267-1000, fax 703/267-3918, contact@nra.org

National Right to Work Committee
8001 Braddock Road, Springfield, VA 22160,
703/321-9820, fax 703/321-7342

National Taxpayers Union
108 N. Alfred Street, Alexandria, VA 22314,
703/683-5700, fax 703/683-5722

Nevada Policy Research Institute
PO Box 20312, Reno, NV 89515-0312,
702/786-9600, fax 702/786-9604

New Citizenship Project
1150 17th Street NW #510, Washington, DC 20036,
202/822-8333, fax 202/822-8325

New Coalition for Economic and Social Change
300 South Wacker Drive #601, Chicago, IL 60606,
312/427-1290, fax 312/427-1291

New England Legal Foundation
150 Lincoln Street, Boston, MA 02111,
617/695-3660, fax 617/695-3656

New Mexico Foundation for Economic Research
PO Box 1216, Albuquerque, NM 87103,
505/243-5400, fax 505/243-1700

New York Citizens for a Sound Economy
PO Box 469 Port Chester, NY 10573,
914/939-0067, fax 914/939-0174

Oklahoma Citizens for a Sound Economy
PO Box 2181, Edmond, OK 73083-2181,
405/330-4002, fax 405/330-3601

Oklahoma Council of Public Affairs
100 West Wilshire Avenue #C-3, Oklahoma City,
OK 73116, 405/843-9212, fax 405/843-9436,
ocpathink@aol.com

Oklahoma Family Policy Council
5101 North Classen Boulevard #307, Oklahoma City,
OK 73118-4422, 405/840-3005, fax 405/840-4288

Pacific Legal Foundation
2151 River Plaza Drive #305, Sacramento,
CA 95833-3881, 916/641-8888, fax 916/920-3444

Pacific Research Institute
755 Sansome Street #450, San Francisco, CA 94111,
415/989-0833, fax 415/989-2411, pripp@aol.com

Parents Rights
12571 Northwinds Drive, St. Louis,
MO 63146, 314/434-4171

Partners Advancing Values in Education
1434 West State Street, Milwaukee, WI 53233,
414/342-1505, fax 414/342-1513

Pattern Research
PO Box 9845, Denver, CO 80209, 303/778-0880,
fax 303/778-2680, lief@pattern.rmnug.org

Pennsylvania Family Institute
3544 N. Progress Avenue #104, Harrisburg, PA 17110,
717/545-0600, fax 717/545-8107, pafamily@aol.com

Pennsylvania Leadership Council
225 State Street #330, Harrisburg, PA 17101,
717/232-5919, fax 717/232-1186

PERC
502 South 19th Street #211, Bozeman, MT 59715,
406/587-9591, fax 406/586-7555, perc@perc.org

The Philanthropy Roundtable
320 North Meridian Street, #908, Indianapolis, IN
46204-1725, 317/639-6546, fax 317/236-7370

Pioneer Institute
85 Devonshire Street, 8th Floor, Boston,
MA 02109, 617/723-2277, fax 617/723-1880,
75374.643@compuserve.com

Privatization Research Organization,
School of Public Affairs
Baruch College/City University of New York,
17 Lexington Avenue, New York, NY 10010,
212/802-5909, fax 212/802-5903

The Progress and Freedom Foundation
1301 K Street NW #650 West, Washington DC 20005,
202/289-8928, fax 202/289-6079, mail@pff.org

The Property Rights Foundation of America Inc.
PO Box 75, Stony Creek, NY 12878, 518/696-5748

Public Affairs Research Institute of New Jersey
212 Carnegie Center #100, Princeton, NJ 08540-6212,
609/452-0220, fax 609/452-1788, parinj@aol.com

Public Interest Institute
600 North Jackson Street, Mt. Pleasant, IA
52641-0135, 319/385-3462, fax 319/385-3799

Public Service Research Foundation
527 Maple Avenue East, 3rd Floor, Vienna,
VA 22180, 703/242-3575, fax 703/242-3579

Reason Foundation
3415 South Sepulveda Boulevard #400,
Los Angeles, CA 90034-6064, 310/391-2245,
fax 310/391-4395, rich@reason.org

Rockford Institute
934 Main Street, Rockford, IL 61103, 815/964-5053,
fax 815/965-1826, rkfdinst@bossnt.com

Rose Institute for State and Local Government
Claremont McKenna College, Claremont,
CA 91711, 909/621-8159, fax 909/607-4288,
anguyen@cmcvax.mckenna.edu

Science & Environmental Policy Project
4084 University Drive #101, Fairfax, VA 22030,
703/934-6940, fax 703/352-7535

Separation of School and State Alliance
4578 North First #310, Fresno, CA 93726, 209/292-1776, fax 209/292-7582, separate@sepschool.org

Sequoia Institute
3479 Beaver Ford Court, Woodbridge,
VA 22192, 703/590-0496, fax 703/730-1156

Small Business Survival Committee
1320 18th Street NW #200, Washington, DC 20036,
202/785-0238, fax 202/822-8118, rstikes@sbsc.org

South Carolina Policy Council
1323 Pendleton Street, Columbia, SC 29201,
803/779-5022, fax 803/779-4953
scpc@city-online.com

Southeastern Legal Foundation
3340 Peachtree Road NE #2515, Atlanta,
GA 30326, 404/365-8500, fax 404/365-0017

Sutherland Institute
111 East 5600 South, Murray, UT 84107

State Policy Network
816 Mill Lake Road, Fort Wayne, IN
46845-6400, 219/637-7778, fax 219/637-7779

The St. Lawrence Institute
PO Box 307, N.D.G. Station, Montreal,
Quebec, H4A 3P6, 514/489-0312,
sparkins@pharma1.pharma.mcgill.ca

Sutherland Institute
Independence Square, 111 East 5600 South #208,
Murray, UT 84107, 801/281-2081, fax 801/281-2414

The Simple Society

303 Amherst Street, Nashua, NH 03063-1722, phone 603/889-0111, fax 603/598-0766. The Simple Society is a nonprofit membership organization founded to reverse the trend toward unnecessarily complex institutional and social structures. Its principles include "Everyone is personally responsible for their own behavior," and "Compassion must be reliably available when it's needed." For more information, see the group's soon-to-be-up-and-running Web site at http://www.simsoc.org.

Tax Foundation
1250 H Street NW #750, Washington, DC
20005-3908, 202/783-2760, fax 202/942-7675

Texas Citizens for a Sound Economy
1005 Congress Avenue #910, Austin, TX 78701,
512/476-5905, fax 512/476-5906

Texas Public Policy Foundation
PO Box 40519, San Antonio, TX 78229, 210/614-0080,
fax 210/614-2649, pppf@txdirect.net

Thomas Jefferson Institute
8107 Long Shadows Drive, Fairfax Station, VA 22039

U.S. Term Limits Foundation
1125 15th Street NW #501, Washington, DC 20005,
202/463-3200, 800/733-6440, fax 202/463-3210

Utah Taxpayers Association
1578 West 1700 South #201, Salt Lake City,
UT 84104, 801/972-8814, fax 973-2324

Virginia Citizens for a Sound Economy
PO Box 7551, Charlottesville, VA 22906,
703/863-8612, fax 703/863-8614

Virginia Institute for Public Policy
47779 Fathom Place, Sterling, VA 20165-7423

Washington Institute for Policy Studies
PO Box 24645, Seattle, WA 98124-0645,
206/938-6300 (800/546-4460), fax 206/938-6313,
WIPS@wips.org

Washington Institute Foundation
4025 Del Ridge Way SW #210, Seattle, WA 98106,
206/937-9691 (888/943-9799), fax 206/938-6313.

Washington Legal Foundation
2009 Massachusetts Avenue NW, Washington, DC
20036, 202/588-0302, fax 202/588-0386

Washington Research Council
1301 5th Avenue #2810, Seattle, Washington
98101-2603, 206/467-7088, fax 206/467-6957,
71550.2021@compuserve.com

Wisconsin Policy Research Institute
PO Box 487, Thiensville, WI 53092-0487
414/241-0514, fax 414/241-0774

Yankee Institute
117 New London Turnpike, Glastonbury,
CT 06033, 860/633-8188, fax 860/657-9444

The American Freedom Library

presents

The Heartland INSTITUTE

~ ON CD-ROM ~

The Heartland Institute is expanding into yet another exciting frontier: CD-ROM!

The American Freedom Library contains a value-packed collection of Heartland *Policy Studies* and *Perspectives*. Access to the Heartland documents is available to you for just $4.95, the cost of shipping and handling. When your CD arrives, call the toll-free number to "unlock" the Heartland portion of the CD.

For an additional fee, you can also unlock thousands of pages of material from The Heritage Foundation, American Enterprise Institute, Pacific Research Institute, and other free-market think tanks. All collections are indexed by topic and fully searchable, and the documents can be downloaded directly from the CD to your computer. You pay only for the collections you want.

CALL NOW TOLL FREE 888.228.1789 CODE #79-3-1

The Heartland Institute
800 East Northwest Highway #1080
Palatine, Illinois 60067

This is your **PolicyFax** account number!

Non-profit organization
U.S. POSTAGE
PAID
CHICAGO, ILL.
Permit No. 4826